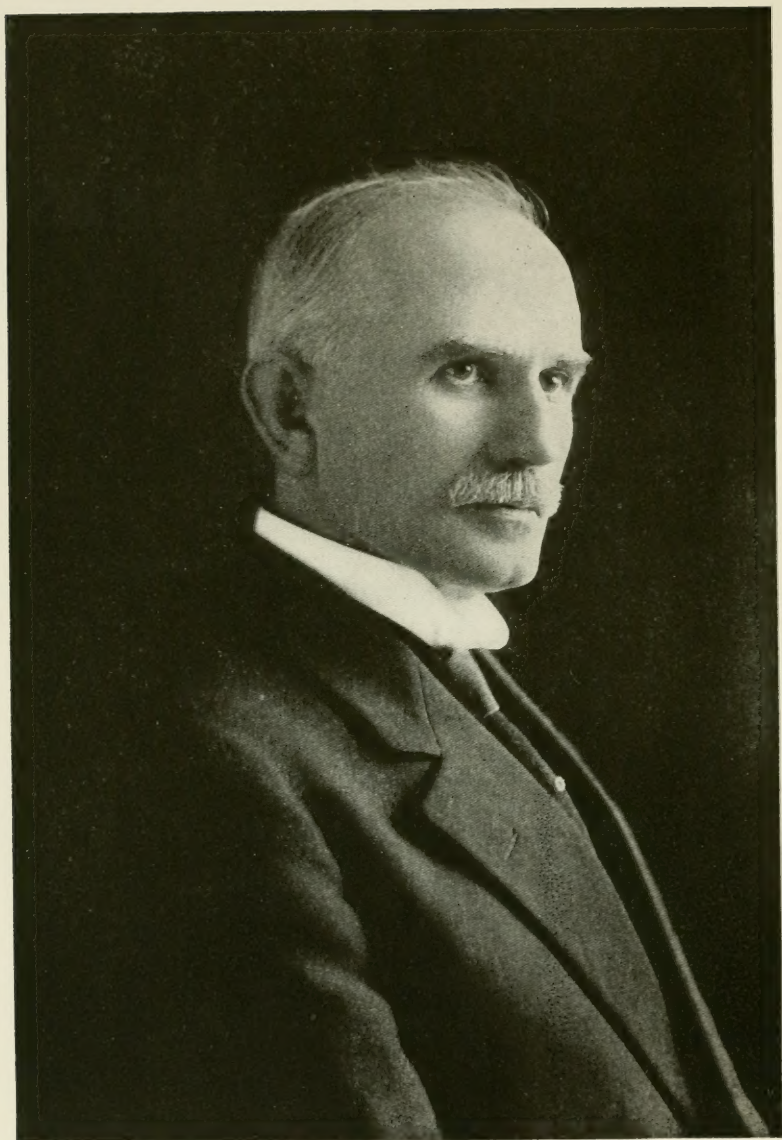


World's Insurance Congress

SAN FRANCISCO

1915

HISTORY AND PROCEEDINGS
OF THE
WORLD'S
INSURANCE CONGRESS



Mr. A. A. Hathaway.

HISTORY AND PROCEEDINGS
OF THE
WORLD'S
INSURANCE CONGRESS
SAN FRANCISCO, CAL.
1915

UNDER THE AUSPICES OF THE
PANAMA-PACIFIC INTERNATIONAL
EXPOSITION

W. L. HATHAWAY, COMMISSIONER

WITH A REVIEW OF PRELIMINARY EVENTS
FROM 1910 TO 1915

EDITED BY
F. ROBERTSON JONES, A.M., PH.D.

PUBLISHED BY THE CENTRAL COMMITTEE
OF THE NATIONAL INSURANCE COUNCIL

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To
W. L. HATHAWAY

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PREFACE

This volume, embodying the "History and Proceedings of the World's Insurance Congress" (San Francisco, California, 1915), has been edited and published under trying circumstances. In the first place, a final decision to publish the book could not be reached until a sufficient number of pre-paid subscriptions had been received to cover at least the bare cost of publication and other incidental expenses. In the second place, the editor has been able to devote to his task only spare moments outside business hours; and these spare moments have been hard to secure. In the third place, the actual printing has been done at a time when the publishers were not only in the midst of the busiest part of their year but likewise were handicapped by a shortage of help due to the "draft" and to other labor difficulties.

The fact, however, that this volume is published over two years after the events recorded therein happened (regrettable as that fact may be), does not in the least degree detract from its value as a repository of living documents of inestimable concern not only to all branches of the insurance business but likewise to the general public; for of that general public, who is there who is not interested directly or indirectly in some kind of insurance? The volume is, in fact, practically a text-book upon the subject of insurance and should be in the library of not only every insurance business concern and every insurance worker, but also every society and every educational institution.

The accuracy of this statement, I believe, will be confirmed by a perusal of the volume itself or even by an examination of its index and contents; but it may not be altogether out of place (even in a Preface) to fortify the statement by quoting at considerable length from the remarkably strong and lucid report of a gentleman who had peculiarly good opportunities for estimating accurately at first hand the general importance of the events and proceedings recorded. I refer to the report of Mr. Charles W. Seovel, of Pittsburgh, Pa., rendered to the Twenty-seventh Annual Convention (St. Louis, Mo., September 19-21, 1916) of the National Association of Life Underwriters, as delegate and National Council member of that Association at the World's Insurance Congress (San Francisco, October 4-14, 1915) held under the auspices of the Panama-Pacific International Exposition. It reads in part as follows:

"Having followed the development of the whole idea and plan from its first suggestion by one of our own members, William L. Hathaway,

at our 1910 Convention in Detroit; having attended the sessions of the Congress and of the Council and all its committees; and having carefully read many of the addresses after already hearing them, I deem it proper to record here my conviction that this movement, even if it were to end with due publication of the proceedings to date, cannot fail to exert a profound and lasting influence; and that, if wisely followed up by its permanent National Insurance Council, it will prove to be truly epoch-making in the history of the vast public and private interests linked together by the name insurance.

"Three main grounds support this conviction:

"First, the unique recognition given to insurance in the eyes of the world. This recognition was in the highest degree official—by express action of the State Commission, the National Commission and the International Exposition, itself officially recognized by nearly all foreign governments.

"The recognition was unique in this, above all else, that it singled out insurance from other lines of business and classified it under the head of Social Economy. This classification was adopted after much discussion by these three official bodies, to which that judicial function was accorded by all the governments. It is authoritative beyond appeal. It has profound and lasting significance.

"The recognition, furthermore, was active, continuous and on a vast scale of publicity. A full commissionership of insurance was created, Mr. Hathaway being the logical and efficient incumbent and thoroughly equipped to handle a world-wide correspondence through scores of thousands of letters and bulletins. Thus was brought together an unparalleled series of insurance events, beginning in April, 1914, with the public dedication of the first and largest of the Exposition buildings; resumed a year later in the 'Nine Years After' celebration of how insurance had rebuilt the city; continued through innumerable conventions of insurance interests, including that of our own Association; and culminating in the World's Insurance Congress itself, called together officially in the name of the nation by the Exposition, through its commissioner, and with the cooperation of over one hundred organizations representing all branches of insurance and related activities, all parts of the country and thirteen foreign nations, despite the world war. No recognition remotely approaching this has ever been accorded to insurance before.

"Second, the meeting of minds and men; the symposium of ideas. Fifty addresses were prepared by picked men for the first week's regular sessions, and half as many more for the second week's open-air events. Rarely, if ever, has any one branch of insurance assembled such a representation of its own leading minds by themselves; and, of course, there has never been anything like such a gathering of the leading minds of all branches together. Moreover, these minds at former gatherings have been busied with the internal problems of their own branch, or at most with this or that particular outside relation. Here, for the first time, were they called on to speak from a real world platform; to view the nature, interests and services of their own branch through a wide-angled lens, taking in at the same time all the other branches of insurance and the whole broad field of human activity.

"This broader vision and longer perspective were noticeable in many of the addresses when separately heard; much more so when read together. Familiar truths took on deeper meanings. General relations,

heretofore vague and fanciful when thought of at all, began to seem clearer and more practical. The reader of these proceedings will find a body of insurance literature remarkable for its bird's-eye sweep over past and present achievement in all branches, and wholly unprecedented in its suggestion of future trends and possibilities. If ever ideas can thrive and spread by their own vital force, this symposium is bound to make its influence felt long and far.

"Third, the new sense of common cause felt by those leaders individually, and expressed in the plan for continuing the National Council permanently. This is what bids fair to be epoch-making. Not as an organization for either offense or defense; nor, indeed, for any *direct* action upon the current issues that agitate this or that branch of insurance to-day and can best be dealt with by the existing organizations or by special campaigns. No; its purposes are deeper and broader; its influence will lie not in actions, but in ideas. No organization machinery is planned for it such as could be made to work for any particular or selfish interest. At any such attempt it would fall to pieces. Voluntary cohesion is its only bond; substantial unanimity its only strength. Its one product is ideas; its one purpose to serve all insurance and all the people.

"The first great task of the National Insurance Council is to publish the record and addresses of the Congress and to distribute them as widely as possible throughout and beyond our own ranks, in complete form and also in separate pamphlets or volumes.

"The central idea that the National Insurance Council permanently stands for is that insurance of every kind, while it must be operated strictly as a business to be at all efficient, is in its essence and results not nearly so much a mere business as it is a great coöperation of people; a social process; a branch of Social Economy. This central idea, as it is gradually grasped and dwelt upon by all insurance men, will give us all a realizing sense of our common cause and we will readily evolve the related ideas that can best be discussed and propagated in common.

"As the people at large also come to realize the true social status of all insurance, their whole habitual attitude toward each branch will be profoundly affected, with practical results of greatest moment for them and for us. Naught else can make possible the solution of such present problems as taxation, uniform laws, etc.; or the fast-coming problems of 'Social Insurance,' so-called by well-meaning folk, who, not knowing that this term properly describes the business even as it stands, commonly think they must turn to legislative nostrums instead of helping us to develop and apply our tested machinery to meet the growing needs of modern society.

"The same high authority that has finally classified insurance aright has also created the National Council itself and delegated its official functions. The Council can and should continue to speak on these matters, not as the mere voice of insurance raised in its own interest, but as the official body commissioned by the International Exposition and the governments behind it to gather from all sources and to disseminate everywhere the great foundation truths of insurance and its relations to society. It can speak verily 'as one having authority.' As such, its voice will have a distinctive carrying quality, both to the ears of insurance men and to those of the great public. What other voice imaginable could be more fit or more likely to carry the true social status of insurance into the minds and hearts of the people?

"And the people are ready for that message; the times are ripe for it. Isolated individualism, unbridled competition, have had their day. Coöperation, social solidarity, are the keynotes of the twentieth century. Individualism voluntarily combining into collectivism; private business becoming deeply conscious of its social relations and society itself becoming more and more conscious of those same relations—these form the strong forward current of the times. Insurance is now given the right and the opportunity to ride foremost on that mighty current; it has been officially placed above the plane of other business as being a social process even more vitally than it is a commercial process.

"To develop these great foundation truths in all their fullness of meaning and variety of application, and to get them into the more and more receptive consciousness of the people—beginning with ourselves—this is the most momentous duty of the present generation of insurance men. On this, in the last analysis, hangs the solution of the most difficult problems, internal and external, that confront the respective branches of insurance. This supreme duty can be done by all of us together far better than separately. The Great Commission for this truly epoch-making service has been given into the hands of the National Insurance Council.

"The plan of organization was left to be worked out fully by a Provisional Central Committee and submitted to the various organizations like our own as the basis for their continuing membership. In general the plan contemplates that the National Insurance Council, to meet at three-year intervals, shall consist of delegates from 'national organizations of insurance and related activities,' each organization to pay an admission fee of \$25.00 for general administrative purposes. No other fees or dues are now proposed, nor any office or salaried staff. The governing body, to meet yearly, is the Central Committee, planned to consist of not over three members each from the five main classes of insurance—leaving open for the present the question of how the 'related activities' can best coöperate with the work of this governing body. The Central Committee was provisionally constituted (subject to change by any organization of its individual members thereof) by appointment of the Executive Committee of the World's Insurance Congress, the Exposition's own appointees and by the unanimous ratification of the National Council itself—thus conveying to it the official authority of the entire movement. * * *

"The Central Committee has been duly authorized to take entire charge of the editing, publishing and distribution by sale or otherwise of the proceedings of the Congress and other insurance events of the Exposition. At their request, Commissioner Hathaway has already taken up the task of preparing in typewritten form the entire record of the movement, with all addresses and papers, in shape for a subcommittee to edit and arrange for publication.

"The resolutions adopted by the World's Insurance Congress through its National Council, aside from those referring to the movement itself and thanking the men who had led and aided it, were confined to two matters of importance to all insurance and the public, namely: taxation and uniform laws. No resolution was even offered as to any matter involving difference of interest or opinion. Thus clearly had the sense of common cause impressed itself on each individual through the five days' public sessions that preceded the Council's meeting for resolutions. Doubtless many, like myself, had come to San Francisco far more con-

scious of diversity than of unity, and even somewhat suspicious of what the other fellow might try to do there. I emphasize the change in our own attitude wrought by five days of getting together, as being a fair sample of what can gradually be wrought out among our fellow insurance men everywhere."

As Mr. Scovel's report shows, the World's Insurance Congress was undoubtedly the most notable insurance gathering of all time. There assembled representatives of all classes of insurance and of activities related to the insurance business; and there were presented a series of addresses by the recognized master minds not only of those engaged in insurance as a business, but of those whose commercial undertakings are so largely dependent upon the protection which insurance can alone provide.

The most important concrete result of the World's Insurance Congress was the creation of the National Insurance Council, a permanent organization, the governing body of which is the Central Committee composed of representatives of the fire, life, casualty and surety, marine and fraternal branches of insurance.

At a meeting of that Council, the following resolution was unanimously adopted:

"WHEREAS, it is believed that a complete report of this movement, including publication of the addresses and papers presented on these many occasions, would afford a most valuable contribution to the literature which is needed for the education of the public and of insurance men themselves concerning the value of insurance in its many forms, and the important functions it performs in social economy,

"NOW, THEREFORE, BE IT RESOLVED, as the sense of the World's Insurance Congress, that the entire history of this movement and the addresses delivered in connection therewith ought to be preserved, printed and distributed as widely as possible, and that before the Congress adjourns a way should be found whereby this important result can be accomplished."

The duty of publication was delegated to the Central Committee, a subcommittee of which requested me to perform the functions of editor—which functions I assumed.

The exercise of those editorial functions has involved the critical task of selection and elimination as regards the vast amount of literary material incident to the World's Insurance Congress. That task would have been relatively easy had not the size of the publication been sharply limited by the funds at our disposal. As that was the case, however, the processes of selection and elimination had to be applied, though not ruthlessly. Nevertheless, nothing of vital importance, I believe, has been omitted. Whatever material has been omitted is scarcely of tertiary or collateral importance and, though it might have illuminated the text somewhat or have been illustrative, so to speak, of the machinery of the organization movement, yet its omission will in no wise mar the

symmetry of the contents of the volume. Perhaps by including it we should have been guilty of "padding."

The material has been assembled under the following heads:

- I. HISTORY AND ORGANIZATION OF THE WORLD'S INSURANCE CONGRESS
—PRELIMINARY EVENTS.
- II. ORDER OF BUSINESS OF THE WORLD'S INSURANCE CONGRESS.
- III. PROCEEDINGS OF THE WORLD'S INSURANCE CONGRESS.
- IV. ADDRESSES DELIVERED AT THE WORLD'S INSURANCE CONGRESS.
- V. APPENDICES:
 1. Reports and Resolutions.
 2. Articles, Letters and Papers Relating to the World's Insurance Congress Movement.
 3. Insurance Events and Exhibits at the Panama-Pacific International Exposition.
 4. Constitution of the National Insurance Council.

A table of contents and an index provide a ready means of reference to the material contained in the volume. It was thought best to group all of the addresses rather than to insert them in their chronological order. By so doing, the Proceedings are not interrupted by addresses and the latter can be found assembled in one part of the volume.

The book is dedicated to Mr. W. L. Hathaway, regarding whose relation to this whole movement Mr. Scovel has so aptly written as follows:

"This report could not properly close without paying direct tribute to the one man to whom this whole movement is due; who first conceived the vision and was at every stage not only the official head but the vital, energizing force; who declined, though urged, to accept official place in the permanent organization, and who, nevertheless, has taken on his shoulders the first and most laborious task of that body."

F. ROBERTSON JONES.

80 Maiden Lane,
New York City.

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WORLD'S INSURANCE CONGRESS SAN FRANCISCO, 1915

I

HISTORY AND ORGANIZATION OF THE WORLD'S INSURANCE CONGRESS

PRELIMINARY ACTIVITIES

The World's Insurance Congress had its inception in the convention of the National Association of Life Underwriters held at Detroit in September, 1910, when W. L. Hathaway, of San Francisco, suggested the idea in an informal way to some of the leading spirits of the convention. Encouraged by the enthusiastic response to his proposal, Mr. Hathaway proceeded to interest prominent insurance men in New York, where he received further assurances of support for his project.

On October 14, 1910, at the regular monthly meeting of the San Francisco Life Underwriters Association, Mr. Hathaway secured the adoption of a resolution by which the Association committed itself favorably to the holding of the World's Insurance Congress in San Francisco in the year 1915, and authorized the appointment of an organization committee. The committee appointed pursuant to this resolution consisted of W. L. Hathaway, Chairman, George B. Scott, and John Landers. William J. Bell, president of the San Francisco Association, being later added by request of the other members of the committee.

This committee inaugurated a campaign among the insurance men of San Francisco, and, after something over fifty applicants for membership had been obtained, the first formal meeting was held, at which the following resolutions were adopted:

First: The name of this organization shall be "Panama-Pacific World's Insurance Congress."

Second: The object of its organization shall be:

(1) To conduct activities calculated to influence all associations, societies and business organizations having an interest in the subject of insurance in any of its branches, to hold their conventions or meetings, during the year 1915, in the city and county of San Francisco.

(2) To conduct activities and carry out such plans as may be found necessary and expedient to bring about a great World's Insurance Congress during the time that the various societies, asso-

ciations and organizations are separately holding their conventions or meetings in this city in the year 1915.

(3) To conduct activities calculated to influence all individuals throughout the world, who are engaged or interested in any of the branches of insurance, to a favorable consideration of this World's Insurance Congress, and particularly with regard to getting their personal pledges to attend, and their influence upon others to do so.

(4) Permitting such other enlargement of the scope of activities as developments may require and the organization may adopt.

Third: The existence of this association shall be limited to the time necessary to promote and carry out the existence of said World's Congress of insurance interests, and the winding up of the details connected with its conduct.

Mr. Hathaway was continued as chairman of the organization, and under his direction letters were sent out to over thirty-two thousand insurance men throughout the world, the letterheads bearing the following invitation:

PANAMA-PACIFIC WORLD'S INSURANCE CONGRESS

San Francisco, 1915

INVITES

all associations or societies, either of a business or professional nature, whose membership derive their livelihood from the commerce of insurance, to hold their conventions or meetings in the city of San Francisco in the year 1915, when a World's Congress of insurance interests will be held separate and apart from the regular annual proceedings of the various associations or societies.

In December, 1911, a souvenir holiday greeting card was sent out from individuals connected with the insurance fraternity in San Francisco to their friends, correspondents and the press throughout the world, the preparation and mailing of which cost approximately \$7,500, and which resulted in extensive publicity favorable to the movement and elicited further correspondence from those in whom it had awakened an interest.

The Congress was not originally an exposition undertaking. It had, in fact, been proposed before the matter of holding an exposition at San Francisco was finally decided upon. However, the advantage of bringing the Congress under exposition auspices was recognized by Mr. Hathaway, and he approached President Charles C. Moore of the Exposition with that end in view. Mr. Moore requested him to furnish proof that the insurance fraternity of California desired assistance and would continue to support the movement if made an official part of the Exposition. Satisfactory proof was presented in the form of a petition signed by eighty-two of California's representative insurance men on December 22, 1911.

After a careful investigation of the matter, President Moore accorded official recognition to the movement by creating the office of Commissioner of Insurance, to have the supervision and control of all insurance affairs connected with the Exposition. The most logical nominee for this important office was W. L. Hathaway, who was duly appointed thereto, together with an executive committee composed of William J. Dutton, Chairman, George I. Cochran, E. C. Cooper, W. E. Dean and F. F. Taylor. There were also appointed various Committees on Participation and Attendance for the different branches of insurance and allied interests, and an Entertainment Committee.

The first step taken under Exposition auspices to carry the work of the Commission into foreign lands was the directing of a letter to the San Francisco consuls of the various governments. That letter so well sets forth the international aspect of insurance that it properly becomes a part of the history of a movement which aimed to secure for insurance international recognition of its true purposes:

The World's Insurance Congress, to be held in San Francisco in 1915, becomes a matter of broadest international importance, and deserves special mention in your reports for the following reasons:

First—This will be the first great World's Insurance Congress ever held.

Second—Insurance in its various forms, as represented by many of the big companies of the world, regardless of the country by which they are chartered, has become more truly international in its scope of operation than any other subject of commerce.

Third—Many of these companies, through this extension of their activities, have become real world powers in the domain of finance, and have a deep interest in the economic problems that confront all people.

Fourth—The nature of their business comes nearer combining the altruistic and commercial instincts of man than any other extensive activities.

Fifth—It is estimated that approximately 1 per cent of the total population of the countries of leading commercial activities derive their livelihood from the commerce of insurance and its allied professions, and as this 1 per cent is wholly of the more representative class, their actual per cent of influence to the total population becomes very large, and might safely be represented by 10 per cent of the total.

Sixth—Insurance has assumed a very large per cent of its present financial and economic importance during the lifetime of many of the men now at the head of the various institutions, and the importance of a Congress in which these minds will all have representation during their activity assumes a tremendous economic importance.

Seventh—As war is the destroyer of every form of insurance risk, this Congress will be the greatest international peace gathering that the world has ever witnessed.

The contents of this letter were duly transmitted to the different governments in consular reports, thus placing the matter before the foreign insurance men in an official way. To further this object, a number of American insurance men, who at different times visited Europe, were appointed Special Commissioners by the Exposition and while abroad did much to convey in a personal way an understanding of what the Congress promoters hoped to accomplish for insurance as a whole. In addition to this, the names of the men of leading influence in European insurance circles were procured and personal letters written them.

This foreign campaign, conducted in three channels (government reports, personal visits and correspondence), resulted in arousing a degree of interest almost surpassing that evinced in America. So impressed were the insurance men of Europe with the possibilities for good existing in a World's Congress of Insurance that the International Bureau of Insurance, which is the central body of European insurance interests and which at its triennial meeting in London in 1912 drew over 100,000 people, voted to set aside its convention scheduled for 1915, and recommended that in its stead the various bodies comprising its membership cause their delegates to attend the World's Insurance Congress of 1915. Had it not been for the great European War, there can be no question but that this Congress would have been truly a World's Congress in the broadest sense of the word.

While much attention was thus given to foreign participation, domestic participation was far from being neglected. Immediately upon the movement becoming an Exposition undertaking, a regular issue of news bulletins was inaugurated, beginning October 11, 1912, and continuing until the opening of the Congress itself. They went to a mailing list of over three thousand in the United States and Canada and to some few abroad, and naturally served to maintain interest as the work progressed. These bulletins were directed not only to insurance people but also to the daily press throughout the country. The insurance subject was continuously and persistently kept to the front in this way, and, as much of the literature which went from the Commissioner's office was of a character tending to enlighten the reader as to the breadth of insurance service in its many fields, it resulted in an amount of newspaper publicity favorable to insurance interests that would be hard to measure.

As the scope of the Congress promotion gradually extended, it became necessary to secure the assistance of a trained insurance man who could devote all of his time to the increasing amount of detail work devolving upon the Commissioner's office; so on February 1, 1914, Mr. Garner Curran was appointed Deputy Commissioner and Secretary of the Executive Committee of the World's Insurance Congress Events, and the offices of the Commission were considerably enlarged.

In November, 1914, Commissioner Hathaway invited all persons

engaged in the insurance business or its allied professions to submit designs for an official seal, and, to stimulate effort in this direction, offered to the successful contestant free admission to the Exposition and all concessions. The contest was won by Garrett Brown, editor of *Insurance Leader*, of St. Louis, and the seal went on the back of practically every envelope that left an insurance office in San Francisco.

The year 1914 saw marked progress in organization work. The insurance world had become educated to the idea of a World's Insurance Congress. Many associations, which had not previously come into line for lack of a full understanding of the project, saw the light. Likewise many men prominently connected with insurance affairs took increased interest, and some took occasion to present to the Commission their views on subjects of national interest which they believed could be furthered by connection with the Congress. Others had definite ideas of what it could accomplish and set them forth in open letters or articles written for circulation. The first subject presented for consideration was Federal Supervision. Darwin P. Kingsley, President of the New York Life Insurance Company, who is known as the country's foremost advocate of that mode of supervision, directed an open letter to the Commissioner requesting coöperation of the Congress, and that letter together with its reply received wide circulation. This letter, its reply and a number of other similar letters and articles indicative of insurance sentiment, are reproduced elsewhere in this work. (See page 451 ff.)

THE EXECUTIVE COMMITTEE

The personnel of the Executive Committee of the World's Insurance Congress, in the five years of preparatory work, underwent changes brought about by resignations and retirements from the insurance business.

E. C. Cooper tendered his resignation at the time of his retirement from the Insurance Commissionership of the State of California; W. E. Dean did likewise upon his retirement from the insurance business; and F. F. Taylor also by reason of his many other activities which prevented the devotion of necessary time to work. Charles H. Holland, C. I. Hitchcock and Willard Done were selected to fill these vacancies so that the committee was then as follows:

The Executive Committee as at present constituted stands as follows:

William J. Dutton,
Ex-president Firemen's Fund Insurance Co.
Charles H. Holland,
General Manager, Royal Indemnity Co.
George I. Cochran,
President, Pacific Mutual Life Insurance Co.

Willard Done,
Ex-Commissioner of Insurance, State of Utah.
C. I. Hitchcock,
President, The Insurance Field Co., Inc.

During the formation period of the Congress, the above committee, together with the Commissioner, acted as the executive head of the National Council.

THE NATIONAL COUNCIL

The most vital part of the entire scheme of organization of the World's Insurance Congress has been the National Council. Composed of delegates from practically every national or sectional association directly or indirectly related to insurance, it has represented the focal point of insurance ideas.

It is a body unique in the annals of insurance, for never before had all of the various branches affiliated themselves in a single organization. The initial step in its formation was to secure the endorsement of the body whence the entire movement sprung—The National Association of Life Underwriters. Accordingly, a special commissioner, Will G. Taffinder, appointed by the President of the Exposition, visited the Memphis Convention of that Association and on September 17th, 1912, delivered one of the memorable addresses of the Congress movement. He explained the purposes of the proposed National Council and suggested to the Convention that it nominate the first member. His address on this occasion will be found at page 431.

In response to this suggestion, the first delegate to the Council was selected, George A. Rathbun, of Los Angeles. The next association to meet in annual convention was that of the Life Insurance Presidents. George I. Cochran, President of the Pacific Life Insurance Company, attended as special commissioner, and so ably did he present the merits of the Congress movement that the Association, on December 6th, 1912, passed the following resolution:

WHEREAS, A communication has been delivered to this Convention by Special Commissioner George I. Cochran, from the Commissioner of the World's Insurance Congress, which meets in San Francisco in 1915, inviting this association to designate a member to represent it on the National Council of such Congress; and

WHEREAS, Such invitation is appreciated and it seems desirable that this Association be so represented in the National Council of the World's Insurance Congress,

NOW, THEREFORE, BE IT RESOLVED, That this Convention do hereby commission Hon. Robert Lynn Cox as its representative to serve in that capacity.

The next organization to come in was the Fire Underwriters' Association of the Pacific (March, 1913). That was followed by

the Insurance Institute of America and the American Life Convention (June, 1913). Thus the movement spread until it embraced the whole of the following list, numbering one hundred and fifteen associations at the time of the convening of the World's Insurance Congress:

- Actuarial Society of America—July, 1913.
- American Association of Accident Underwriters—December, 1913.
- American Association of Medical Examiners—July, 1914.
- American Bar Association—July, 1915.
- American Electric Railway Association—August, 1915.
- American Institute of Actuaries—March, 1914.
- American Institute of Architects—September, 1914.
- American Institute of Banking—January, 1915.
- American Institute of Electrical Engineering—September, 1915.
- American Institute of Marine Underwriters—June, 1915.
- American Institute of Steam Boiler Inspectors—October, 1914.
- American Mine Safety Association—January, 1915.
- American Museum of Safety—December, 1914.
- American Peace Society—January, 1915.
- American Society for Fire Prevention—April, 1914.
- American Statistical Association—July, 1914.
- Ancient and Honorable Order of the Blue Goose—March, 1914.
- Association of Casualty and Surety Insurance Presidents—October, 1914.
- Association of Life Insurance Counsel—May, 1914.
- Association of Life Insurance Medical Directors—October, 1913.
- Association of Western Insurance Superintendents of Canada—August, 1914.
- Board of Fire Underwriters of Hawaii—May, 1914.
- Board of Fire Underwriters of the Pacific—May, 1914.
- Board of Marine Underwriters of San Francisco—March, 1914.
- Bureau of Commercial Economics, Washington, D. C.—July, 1915.
- Bureau of Personal Accident and Health Underwriters—March, 1915.
- Bureau of Standards, Washington, D. C.—September, 1915.
- Bureau of War Risk Insurance, Washington, D. C.—September, 1915.
- Burglary Insurance Underwriters' Association—July, 1914.
- California Association of Electrical Inspectors—July, 1914.
- California State Association of Local Fire Insurance Agents—March, 1914.
- Canadian Life Insurance Officers' Association—January, 1914.
- Casualty Actuarial and Statistical Society—December, 1914.
- Casualty Underwriters' Association of California—May, 1914.
- Department of Incorporated Mutuals—July, 1915.
- Detroit Conference—March, 1914.
- Employers' Mutual Casualty Federation of America—July, 1915.
- Factory Insurance Association—August, 1914.

- Federated Fraternities—November, 1913.
Field Men's Association of the Mill and Elevator Mutual Fire Insurance Companies—May, 1915.
Fire Underwriters' Association of the Northwest—November, 1913.
Fire Underwriters' Inspection Bureau—May, 1914.
Fire Underwriters' Uniformity Association—July, 1914.
Health and Accident Underwriters' Conference—February, 1915.
Health and Life Conservation Bureau of the Pacific—July, 1914.
Illinois Insurance Federation—September, 1915.
Insurance Brokers Exchange of San Francisco—March, 1914.
Insurance Federation of Indiana—September, 1915.
Insurance Federation of Iowa—September, 1915.
Insurance Federation of Kansas—September, 1915.
Insurance Federation of Michigan—April, 1915.
Insurance Federation of Minnesota—March, 1915.
Insurance Federation of Missouri—August, 1914.
Insurance Federation of Ohio—September, 1915.
Insurance Federation of Pennsylvania—March, 1915.
Insurance Federation of the State of New York—September, 1915.
Insurance Institute of Toronto—September, 1914.
International Association of Casualty and Surety Underwriters—July, 1913.
International Association of Fire Engineers—September, 1915.
Fire Marshals' Association of North America—September, 1915.
International Claim Association—September, 1914.
International Federation of Commercial Travelers' Organizations—January, 1915.
Kentucky Insurance Federation—October, 1915.
Life Underwriters' Association of Canada—June, 1913.
Live Stock Insurance Bureau—March, 1915.
Mainland Fire Underwriters' Association of British Columbia—August, 1914.
Michigan Fraternal Congress—June, 1915.
Mutual Life Underwriters—August, 1914.
National Association of Casualty and Surety Agents—April, 1914.
National Association of Credit Men—May, 1914.
National Association of Electrical Inspectors—May, 1915.
National Association of Industrial Accident Boards and Commissions—September, 1915.
National Association of Insurance Agents—August, 1913.
National Association of Live Stock Insurance Companies—February, 1915.
National Association of Mutual Insurance Companies—May, 1914.
National Automatic Sprinkler Association—July, 1914.
National Board of Fire Underwriters—December, 1913.
National Board of Marine Underwriters—July, 1915.
National Council of Insurance Federation Executives—June, 1915.
National Fire Protection Association—August, 1913.
National Fraternal Congress of America—September, 1913.

National Safety Council—May, 1914.
New England Congress of Life Underwriters' Associations—October, 1914.
New England Women's Life Underwriters' Association—July, 1914.
Pacific Casualty and Surety Association—July, 1915.
Pacific Claim Agents' Association—July, 1914.
Pacific Coast Adjustment Bureau—June, 1914.
Pacific Coast Association of Fire Chiefs—October, 1914.
Pacific Coast Automobile Underwriters' Association—May, 1914.
Permanent Committee of the International Congresses of Actuaries—November, 1914.
Plate Glass Service and Information Bureau—August, 1913.
Railway Fire Protection Association—January, 1915.
Rocky Mountain Fire Underwriters' Association—September, 1914.
Safety First Federation of America—August, 1915.
San Francisco Association for the Study and Prevention of Tuberculosis—October, 1914.
South-Eastern Underwriters' Association—August, 1913.
Southern Casualty and Surety Conference—April, 1914.
Surety Association of America—September, 1913.
Surety Underwriters' Association of California—June, 1914.
Texas Life Convention—July, 1915.
The Associated Companies (Workmen's Compensation Insurance for Coal Mines)—August, 1915.
The Western Union—October, 1913.
Underwriters' Bureau of New England—August, 1913.
Underwriters' Association of the Middle Department—September, 1914.
Underwriters' Laboratories, Inc.—May, 1914.
United States Bureau of Mines—December, 1914.
United States League of Local Building and Loan Associations—August, 1914.
Vancouver Island Fire Underwriters' Association—August, 1913.
Western Association of Electrical Inspectors—December, 1914.
Western Automobile Underwriters' Conference—June, 1914.
Western Insurance Bureau—September, 1913.
Western Sprinkler Risk Association—January, 1915.
Workmen's Compensation Service Bureau—March, 1914.

Extensive correspondence passed between the various members of the Council and the office of the Commissioner, and practically all of the ideas which found expression in the World's Insurance Congress were brought to the surface and their authors placed on the program as a result of tabulated recommendations which came from that source.

In the year 1914 there were held a number of meetings of the members of the Council resident in or near San Francisco, at which were discussed many of the problems in connection with the con-

duct of the Congress. As a result of those meetings a blank schedule was prepared and sent to all members throughout the country, requesting expressions of opinion on the various points, but most especially in regard to the formation of the Congress program.

THE ADVISORY BOARD

While the National Council, representing the many interests enumerated, was a prolific source of information for the Commissioner and his Executive Committee in constructing a composite program applicable and of interest to all classes of the business, still the burden of selection resting upon them was a heavy one. So in February of 1915, when Commissioner Hathaway was on an extended Eastern trip in the interests of the Congress, after consultation with a number of the leading insurance influences, an Advisory Board on Program, consisting of the following gentlemen, was appointed, and it rendered valuable aid in extracting from the mass of detailed suggestions offered those which seemed most worthy of consideration:

<i>Member</i>	<i>Interest Represented</i>
Young E. Allison.....	Insurance Journalism
R. M. Bissell.....	Fire and Accident Insurance
W. S. Barnaby.....	Insurance Journalism
William Bro Smith.....	Life and Accident Insurance
C. M. Cartwright.....	Insurance Journalism
Robert Lynn Cox.....	Life Insurance
J. M. Craig.....	Life Insurance
George T. Dexter.....	Life Insurance
W. S. Diggs.....	Insurance Federations
Forrest F. Dryden.....	Life Insurance
Henry Evans.....	Fire Insurance
Wade Fetzner.....	Casualty Insurance
John M. Holcombe.....	Life Insurance
Edson S. Lott.....	Casualty Insurance
Henry C. Lippincott.....	Life Insurance
Charles W. Pickell.....	Life Insurance
Henry J. Powell.....	Life Insurance
Henry H. Putnam.....	Fire Insurance
J. B. Reynolds.....	Life Insurance
E. G. Snow.....	Fire Insurance
Carl F. Sturhahn.....	Fire Insurance
M. F. Van Buskirk.....	Fraternal Insurance
Miles M. Dawson.....	Consulting Actuary.

CONSTRUCTION OF PROGRAM

It developed from the papers, correspondence and reports reaching the office of the Commissioner that there was not a sufficient

knowledge in the minds of the public as to the actual services performed by the institution of insurance, separate and distinct from its fundamental purpose of indemnity. It became manifest that the greatest possible good which could come to insurance through any source would be popular enlightenment as to its constructive influence upon modern business.

It, therefore, became the object of the program makers to construct a platform which would expound the cause of the entire institution of insurance, placing on record the close relationship actually existing between all of its separate influences in public service.

The following is quoted from the letter which went as a foreword in regard to the program:

Each branch of Insurance performs a distinct service, but each in a measure overlaps and enters into the service of the other. Fire insurance, in its efforts to minimize the effects of this great destructive agent, is also a factor in the prevention of accidents and the saving of lives; life insurance teaches the lesson of thrift and saving and caution, and adds to the force of accident and fire prevention; accident insurance, in its prevention work, develops fire elimination ideas and is a force in life insurance also. All work together for the betterment of citizenship.

There would appear to be a community of interest in these forces that might be made the basis for joint educational plans for teaching the Gospel of Service, and if the mighty forces of the associations of underwriters of all classes as they now exist can utilize this service as a working basis, it should be the means of quickly spreading broadcast an understanding of the functions of Insurance and help to solve the great problems with which it is to-day confronted.

It was not until July of 1915 that the Commission was able to announce the program as fully decided upon so far as its outline of topics was concerned; and then began the effort to obtain contributions from men occupying such prominent positions in their respective fields of endeavor that their words would command the attention and careful consideration of the insurance world; for aside from the personal attendance at the Congress sessions, it has been aimed to convey in printed form to the insurance fraternity at large the messages there delivered.

To secure so large a number of representative speakers as was necessary to fill the Congress program was by no means a simple matter, although the extensive educational work already furthered by the Commission had awakened considerable interest in the minds of many insurance leaders, who saw in the movement great possibilities for good and were, therefore, inclined to lend active support wherever possible. The result was that there appeared before the World's Insurance Congress men who enjoy national distinction in their respective fields.

PERMANENT ORGANIZATION

On the second day of the Congress the General Chairman announced two committees, one on Resolutions and one on Permanent Organization.

The Committee on Resolutions was headed by Robert Lynn Cox, General Counsel and Manager of the Association of Life Insurance Presidents, who was assisted by C. H. Woodworth, Louis H. Fibel, J. B. Levinson, and I. I. Boak, and the Commissioner and General Chairman of the Congress as *ex officio* members.

The Committee on Permanent Organization was headed by Charles H. Holland, General Manager of the Royal Indemnity Company, and was composed of Charles W. Scovel, T. L. Miller, Franklin H. Wentworth, William G. Wilson, Dr. Frederick P. Hoffman, C. I. Hitchcock, William J. Dutton, Bayard P. Holmes, Mark T. McKee, Harry P. Coffin, W. E. Straub, C. T. Hughes, Willard Done, and George I. Cochran, together with all members of the Resolutions Committee, and the Commissioner and General Chairman of the Congress as *ex officio* members.

Both committees held frequent meetings during the week of the Congress, and on Saturday, October 9th, presented their reports to a meeting of the assembled members of the National Council.

The proceedings of this meeting are reported in detail elsewhere in this work (pages 55 ff. and 426 ff.).

Pursuant to the report submitted by the Committee on Permanent Organization, the Executive Committee of the World's Insurance Congress appointed a Provisional Central Committee, as follows:

<i>Members</i>	<i>Representing</i>
Robert Lynn Cox T. L. Miller Charles W. Scovel	} Life interests.
Charles H. Holland William G. Wilson Louis H. Fibel	
E. G. Richards C. H. Woodworth Rolla V. Watt	
J. B. Levinson Wm. J. Dutton	} Marine interests.
I. I. Boak W. E. Straub Mark T. McKee	
	} Fraternal, co-operative and non-stock interests.

A meeting of this Committee, held on the same day, at which all were present with the exception of E. G. Richards, J. B. Levinson, and William J. Dutton, resulted in the selection of Charles H. Holland as Chairman and Mark T. McKee as Secretary-Treasurer.

This is the permanent organization which is charged with the duty of carrying out the purposes for which the World's Insurance Congress was formed, and to continue the activities which have been so auspiciously begun.

II

ORDER OF BUSINESS OF THE WORLD'S INSURANCE CONGRESS

OPENING SESSION

Civic Auditorium

San Francisco

October 4th, 1915

CALL TO ORDER; STATEMENT OF FACTS AND INTRODUCTION OF
GENERAL CHAIRMAN

W. L. Hathaway

Commissioner of the World's Insurance Congress
Events of the Panama-Pacific International Exposition.

OPENING ADDRESS OF THE GENERAL CHAIRMAN

Hon. Arthur I. Vorys

Chairman of the Committee on Insurance Law of the
American Bar Association

ADDRESS OF WELCOME

Chester H. Rowell

For the Governor of the State of California

ADDRESS OF WELCOME

Arthur H. Barendt

For the Mayor of the City of San Francisco

RESPONSE TO WELCOME

Darwin P. Kingsley

President of the New York Life Insurance Company

WORLD'S INSURANCE CONGRESS MOVEMENT: Why the
Panama-Pacific International Exposition has given
Prominent Recognition to Insurance, and What it
Hopes the Congress Will Accomplish

Charles C. Moore

President of the Panama-Pacific International Exposition

SERVICE PERFORMED BY INSURANCE

Hon. J. N. Gillett

Former Governor of the State of California, who held office during the reconstruction period of San Francisco

SECOND SESSION

Civic Auditorium

San Francisco

October 5th, 1915

"CONSTRUCTIVE INFLUENCE OF INSURANCE"

Hon. Arthur I. Vorys, *General Chairman*

Chairman, Committee on Insurance Law, American Bar Association, and ex-Insurance Superintendent of Ohio

Hon. Lawrence Y. Sherman, *Special Chairman*

United States Senator from Illinois

The day is designed to bring to the fore the part that insurance plays in conserving and bettering citizenship through the prolongation of life, the cementing of family ties, preventing poverty, the upholding of law and order, maintaining credit, bettering architectural design with safety, preventing fires, accidents and casualties of all character, improving sanitation, uplifting the individual in the eyes of himself and his community, and ultimately acting as the binder which draws men together for a harmonious perpetuation of peaceful pursuits upon a constructive basis.

Each speaker is expected to relate the part his class of insurance has contributed to bring about these conditions, and finally outline the basis upon which it can best continue as a constructive force, frankly admitting its commercial aspect and the necessity for individual initiative.

SERVICE PERFORMED BY FIRE INSURANCE COMPANIES

R. W. Osborn

President, Board of Fire Underwriters of the Pacific

SERVICE PERFORMED BY SURETY COMPANIES

Frank L. Gilbert

Vice President, National Surety Company

SERVICE PERFORMED BY LIFE INSURANCE COMPANIES

Haley Fiske

Vice President, Metropolitan Life Insurance Company
(Paper read by George B. Scott)

SERVICE PERFORMED BY LIFE INSURANCE COMPANIES

T. L. Miller

President, West Coast-San Francisco Life Insurance Company

Afternoon Program

SERVICE PERFORMED BY CASUALTY AND LIABILITY COMPANIES

David Van Schaack

Director, Bureau of Inspection and Accident Prevention, Aetna Life Insurance Company; Member of Executive Committee, National Safety Council

SERVICE PERFORMED BY LIFE INSURANCE COMPANIES

Charles W. Scovel

Former President, National Association of Life Underwriters

SERVICE PERFORMED BY CREDIT INSURANCE COMPANIES

E. M. Treat

President, American Credit Indemnity Company

SERVICE PERFORMED BY MARINE INSURANCE COMPANIES

J. B. Levison

Vice President, Fireman's Fund Insurance Company

THE FORCE OF INSURANCE IN SOCIAL ECONOMY

Alvin E. Pope

Chief of Education and Social Economy, Panama-Pacific International Exposition

THIRD SESSION

Civic Auditorium

San Francisco

October 6th, 1915

"ASSOCIATIONS: THE INSURANCE UNIVERSITIES"

Hon. Arthur I. Vorys, *General Chairman*

Chairman, Committee on Insurance Laws, American Bar Association, and ex-Insurance Superintendent of Ohio.

Hon. Willard Done, *Special Chairman*

Member, Executive Committee, World's Insurance Congress

Associations represent the natural avenues through which the public must be educated in the constructive influence of insurance as developed during the proceedings of the second day of the Congress, and therefore find their logical place in the program of the third day.

Each speaker is expected to relate the part that the association with which he is identified plays in the ethics and economics of Insurance, and to outline how its usefulness may best be extended so as to bring about an understanding of Insurance and its service among the greatest number of people, to the end that there will be fewer burdensome restrictions, a reduction of expenses and losses, lower costs to the consumer, and a wider distribution of Insurance benefits to the people at large.

AMERICAN LIFE CONVENTION

Isaac Miller Hamilton

President, Federal Life Insurance Company

NATIONAL FRATERNAL CONGRESS OF AMERICA

I. I. Boak

Member of Executive Committee; Head Consul Pacific Division, Woodmen of the World

NATIONAL ASSOCIATION OF INSURANCE AGENTS

C. H. Woodworth

Former President

NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

H. H. Ward

Former President

INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY
UNDERWRITERS

E. W. De Leon

President, Casualty Company of America

Afternoon Program

NATIONAL FIRE PROTECTION ASSOCIATION

Franklin H. Wentworth

Secretary

ASSOCIATION OF LIFE INSURANCE PRESIDENTS

Charles A. Peabody

President, Mutual Life Insurance Company of New York
(Paper read by Willard Done)

NATIONAL COUNCIL OF INSURANCE FEDERATION EXECUTIVES

Mark T. McKee

Secretary and Treasurer

NATIONAL ASSOCIATION OF CASUALTY AND SURETY AGENTS

William G. Wilson

Manager, Aetna Life Insurance Company

ASSOCIATION OF LIFE INSURANCE MEDICAL DIRECTORS

Dr. W. W. Beckett

Medical Director, Pacific Mutual Life Insurance Company

NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

J. C. Adderly

Secretary, Millers Mutual Casualty Company

FOURTH SESSION

Civic Auditorium

San Francisco

October 7th, 1915

"BROADENING SOCIAL ECONOMY THROUGH INSURANCE"

Hon. Arthur I. Vorys, *General Chairman*

Chairman, Committee on Insurance Law, American Bar Association, and ex-Insurance Superintendent of Ohio

Robert Newton Lynch, *Special Chairman*

Vice President, San Francisco Chamber of Commerce

The program of the preceding days having shown the functions commercially performed by Insurance and its broad social service—economic, educational and ethical—it logically follows that the fourth day should be devoted to showing how widely the principles involved in the insurance idea have extended to the prevention of fire, accident and disease in other great organized forces of business and society, thus accomplishing a humanitarian work through the commercial considerations that prompted it.

Each speaker is expected to define the extent to which prevention and conservation have entered into the work of the institution with which he is identified and to outline the benefits accrued to the organization itself, to the individuals associated with it, and society which it serves.

SOUTHERN PACIFIC COMPANY

E. O. McCormick
Vice President

LIFE EXTENSION INSTITUTE, INC.

E. E. Rittenhouse
President

UNITED STATES BUREAU OF MINES

Dr. F. G. Cottrell
Chief Chemist

A PROMINENT DEPARTMENT STORE

Arthur Hawxhurst
Insurance Manager, Marshall Field & Company

SAFETY FIRST FEDERATION OF AMERICA

Harry P. Coffin
Chairman, Public Safety Commission, Portland, Ore.

Afternoon Program

NATIONAL ASSOCIATION OF CREDIT MEN

C. E. Baen
Assistant Manager, International Banking Corporation

AMERICAN BAR ASSOCIATION

Arthur I. Vorys
Chairman, Committee on Insurance Law

AMERICAN INSTITUTE OF BANKING

James K. Lynch
Vice-President, First National Bank, San Francisco;
President, American Bankers' Association

AMERICAN INSTITUTE OF ARCHITECTS

R. Clipston Sturgis
President

AMERICAN INSTITUTE OF ELECTRICAL ENGINEERS

John A. Britton
President, Pacific Gas and Electric Company

FIFTH SESSION

Civic Auditorium

San Francisco

October 8th, 1915

“PRESENT PROBLEM AND FUTURE CONTINGENCIES”

Hon. Arthur I. Vorys, *General Chairman*

Chairman, Committee on Insurance Law, American Bar Association, and ex-Insurance Superintendent of Ohio

M. H. DeYoung, *Special Chairman*Proprietor and Publisher, San Francisco *Chronicle*, and Vice President of Panama-Pacific International Exposition

The topics set for the fifth day come as a natural sequence to the proceedings of the foregoing days, which have dealt with the constructive influence of Insurance in bettering and conserving citizenship, the force of association work in the development of an understanding of its broad principles of service, and the application of these principles to the great organized forces of business and society. Any business that contributes so much to humanity at large should be encouraged by society to maintain the personal initiative which can only be developed through commercial independence, unhampered by burdensome restrictions or communistic experiments.

Present Problems

THE RELATION OF FIRE INSURANCE TO THE EXPOSITION

William Sexton

Former General Adjuster, Fireman's Fund Insurance Company

TAXATION OF INSURANCE COMPANIES FOR REVENUE

F. Robertson Jones

Secretary, Workmen's Compensation Publicity Bureau

STATE SUPERVISION

T. W. Blackburn

Secretary and Counsel, American Life Convention

TAXATION FOR REVENUE

Edward A. Woods

President, National Association of Life Underwriters
(Paper presented by F. E. McMullen)

Future Contingencies

NATIONAL SUPERVISION

George W. Miller

President, National Fraternal Congress of America
(Paper presented by I. I. Boak)

NATIONAL SUPERVISION

Samuel Davis

Member of Boston Bar

NATIONAL SUPERVISION

Charles F. Coffin

Vice President, State Life Insurance Company

GOVERNMENTAL OBSTACLES TO INSURANCE

David Starr Jordan

Chancellor, Leland Stanford, Junior, University

SIXTH SESSION

Palace Hotel

San Francisco

October 9th, 1915

MEETING OF THE NATIONAL COUNCIL

Hon. Arthur I. Vorys, *General Chairman*

Chairman, Committee on Insurance Laws, American
Bar Association, and ex-Insurance Superintendent of
Ohio.

Robert Lynn Cox, *Special Chairman*

General Counsel, Association of Life Insurance
Presidents

CALL TO ORDER

Arthur I. Vorys

General Chairman

REPORT OF THE RESOLUTIONS COMMITTEE

Robert Lynn Cox

Special Chairman

REPORT OF THE COMMITTEE ON PERMANENT ORGANIZATION

Charles H. Holland

WORLD'S INSURANCE CONGRESS

ADDRESS

Arthur I. Vorys
General Chairman

SEVENTH SESSION

Festival Hall, P.P.I.E. San Francisco

October 11th, 1915

WORLD'S INSURANCE CONGRESS PEACE DAY

Dr. David Starr Jordan, *Special Chairman*
Chancellor, Leland Stanford, Junior, Uni-
versity

Rolla V. Watt, *Chairman of Morning Session*
Manager, Royal and Queen Insurance Companies

Realization of insurance as function which binds society together, giving security and basis for personal initiative, so war is a form of savagery opposed to social unity, security, personal initiative and all forms of progress. Realization that war is directly opposed to industry and insurance. War kills off the most efficient part of the community. Underwriters of world should form compact nucleus of organization to promote and maintain security and stability in international affairs.

COMMITTEE

Dr. David Starr Jordan	John Barrett	Senator T. E. Burton
Andrew Carnegie	Ida M. Tarbell	Henry B. Hawley
Jane Addams	Dr. Jas. A. Macdonald	Prof. E. B. Krehbiel
Darwin P. Kingsley	Prof. Josiah Royce	Prof. Ira W. Howeth
Oscar L. Straus	John Caster Branner	W. P. Foster
Wm. Jennings Bryan	Ernest Fox Nichols	Dr. Norman Bridge

ADDRESS

Rolla V. Watt
Manager, Royal and Queen Insurance Companies

INTERNATIONAL INSURANCE

Prof. Josiah Royce
Harvard University

WAR, BUSINESS AND INSURANCE

David Starr Jordan
Chancellor, Leland Stanford, Junior, University

EIGHTH SESSION

Fountain of Energy, P.P.I.E. San Francisco

October 12th, 1915

WORLD'S INSURANCE CONGRESS LIFE CONSERVATION DAY

E. E. Rittenhouse, *Special Chairman*
President, Life Extension Institute

Education of the public is now recognized as an indispensable part of any campaign for the promotion of health—the prolongation of life.

LIFE CONSERVATION DAY PARADE

ADDRESS; PRESENTATION OF MEDAL TO LIFE EXTENSION INSTITUTE

W. L. Hathaway
Commissioner, World's Insurance Congress Events

ACCEPTANCE OF MEDAL; ADDRESS

E. E. Rittenhouse
President, Life Extension Institute

PRESENTATION OF EXPOSITION SCROLL TO ALVIN E. POPE

Willard Done
Member, Executive Committee, World's Insurance Congress

PRESENTATION OF LOVING CUP TO ALVIN E. POPE

R. W. Osborn
President, Board of Fire Underwriters of the Pacific

ACCEPTANCE OF SCROLL AND CUP

Alvin E. Pope
Chief, Department of Education and Social Economy, P.P.I.E.

INSURANCE AND THE CONSERVATION OF HUMAN LIFE

Dr. Frederick L. Hoffman
Statistician, The Prudential Insurance Company of America

HUMAN LIFE AS A NATIONAL ASSET

Dr. C. C. Pierce
Senior Surgeon, U. S. Public Health Service

WHAT THE PANAMA-PACIFIC INTERNATIONAL EXPOSITION IS DOING
FOR THE CAUSE OF LIFE CONSERVATION

Alvin E. Pope

Chief, Department of Education and Social Economy, P.P.I.E.

LIFE CONSERVATION AND MEDICINE

Dr. Harry M. Sherman

President, California Association for Study and Prevention of
Tuberculosis

LIFE CONSERVATION AND SOCIAL ECONOMY

Miles M. Dawson

Consulting Actuary

NINTH SESSION

Court of the Universe, P.P.I.E. San Francisco

October 13th, 1915

WORLD'S INSURANCE CONGRESS FIRE ELIMINATION DAY

Franklin H. Wentworth, *Special Chairman*

Secretary, National Fire Protection Association

Willard Done, *Chairman*

Member of the Executive Committee, World's Insurance
Congress Events

It is widely recognized that the fire loss of the United States is one of the Crimes of the Nation. Marked progress has been made in the last decade for the prevention of fire, but the campaign is still in its beginnings.

OPENING ADDRESS

Willard Done

Chairman

ADDRESS AND PRESENTATION OF MEDAL TO NATIONAL FIRE
PROTECTION ASSOCIATION

W. L. Hathaway

Commissioner, World's Insurance Congress Events

ACCEPTANCE OF MEDAL AND ADDRESS

Franklin H. Wentworth

Secretary, National Fire Protection Association

PRESENTATION OF MEDAL TO FIRE PATROL

W. L. Hathaway

Commissioner, World's Insurance Congress Events

ACCEPTANCE OF MEDAL

R. W. Osborn

President, Board of Fire Underwriters, of the Pacific

DEMONSTRATION OF MARINA

TENTH SESSION

Court of the Universe, P.P.I.E. San Francisco

October 14th, 1915

WORLD'S INSURANCE CONGRESS

"SAFETY FIRST": ACCIDENT PREVENTION DAY

E. O. McCormick, *Special Chairman*

Vice-President, Southern Pacific Railway

Accident prevention has gained a wide impetus in the United States and is gaining in public interest and efficiency with every passing year.

OPENING ADDRESS

E. O. McCormick

Special Chairman

ADDRESS AND PRESENTATION OF MEDAL TO WORKMEN'S
COMPENSATION SERVICE BUREAU

Willard Done

Member of the Executive Committee, World's Insurance
Congress Events

ACCEPTANCE OF MEDAL: ADDRESS—SAFETY WORK OF INSURANCE
COMPANIES

Charles H. Holland

General Manager, Royal Indemnity Company

SAFETY WORK OF RAILROADS

L. E. Abbott

General Claim Agent, Oregon Short Line Railroad

WORLD'S INSURANCE CONGRESS

INDUSTRIAL SAFETY

Will J. French

Director of the National Safety Council

SAFETY FIRST FROM A STREET TRAFFIC STANDPOINT

Lieut. Duncan Matheson

San Francisco Police Department

DEMONSTRATION ON MARINA

III

PROCEEDINGS OF THE WORLD'S INSURANCE CONGRESS

MONDAY, OCTOBER 4TH, 1915

OPENING DAY

CALL TO ORDER; STATEMENT OF FACTS AND INTRODUCTION OF THE
GENERAL CHAIRMAN

BY W. L. HATHAWAY

Commissioner of the World's Insurance Congress Events of the
Panama-Pacific International Exposition

"Before introducing to you the General Chairman, who will conduct these meetings, a brief statement of facts, showing the purposes aimed at and the work that has been accomplished by this Commission to carry them out, would seem to be appropriate.

"In November, 1910, eighty-two leaders in all lines of California insurance endeavor met and resolved to hold this Congress. That was the first meeting in history where leaders from all branches of insurance were brought together for a common purpose. In many instances they were strangers to each other, although residing in the same city and occupying positions of relative importance in different branches of a business whose public service is in all ways closely related.

"The meeting resulted in a set of resolutions citing the advantages of closer relationship, and inviting the leaders from the world of insurance together here for this Congress to establish permanently such relationship on a world-wide basis, under conditions best expressed by the paragraph on the letter-head that day authorized to be printed, which read:

" 'The Panama-Pacific World's Insurance Congress, San Francisco, 1915, invites all associations or societies, either of a business or professional nature, whose membership derive their livelihood from the commerce of insurance, to hold their conventions or meetings in the City of San Francisco in the year 1915, when a World's Congress of Insurance interests will be held separate and apart from the regular annual proceedings of the various associations or societies.'

"The Chairman appointed at that meeting proceeded to issue the invitation by mailing during the next three months to leading

insurance men throughout the world 32,000 personally directed and signed letters of invitation for suggestions and coöperation.

"The number and character of the replies confirmed and encouraged the purposes aimed at, which were also accepted with unanimously favorable comment by the insurance press throughout the world.

"About this time, as the Panama-Pacific International Exposition was assuming definite organization to appear before the world as its greatest university to educate the public in the service of those arts and industries which contribute most to the comfort, happiness and prosperity of the human race, a petition was presented to the President of the Exposition signed by the eighty-two original organizers, requesting that the movement be made a part of the official Exposition life, and pledging their unanimous and continued support for its ultimate success. The easiest task that the original promoter has had in the five years' work was convincing the Exposition President that the constructive influence of insurance deserved the same recognition that had always been accorded by similar undertakings to all other human activities beneficial to society. Through the creation of this Commission, a business that had become one of the world's chief activities, especially in this nation, contributing more to the social uplift than perhaps any other, acquired collectively for the first time in its history a leader to encourage a better public understanding of its real functions, in the person of Mr. Charles C. Moore, President of this Exposition; and the mighty influence of the Exposition under his leadership has carried the movement forward.

"In the next year most of the foreign consuls located at San Francisco made extensive and favorable mention of the Congress and its aims in the reports to their various governments, which resulted in favorable mention in the trade journals and the general press in the various countries, until in June, 1913, the International Bureau of Insurance (which included practically all of the European insurance organizations) at a meeting in Paris passed unanimous resolutions to hold its 1915 meeting in connection with this Congress in San Francisco, and recommended to all of the associations making up its membership that they do likewise. From that time comments in the European insurance press were as favorable as those in the American press, and were it not for the present unfortunate world condition this meeting would be the most powerful that has ever gathered for peaceful purposes. As it is, we have thirteen foreign nations represented, which, while small, nevertheless gives it the international caste aimed at.

"The wars in Europe gave us our problems. Some advised abandonment of the undertaking, but those who had studied it most closely believed that the movement had a purpose that would prevail and succeed regardless of the mere number of representatives that might gather on this occasion.

"Nationally, it has been a success far beyond the scope of its

original purpose, stated above. It aimed to bring together at one time for this meeting all who were to participate, but under Exposition auspices the movement broadened and became known as the World's Insurance Congress Events. The first gathering was held as a pre-opening Exposition event, when on April 18th, 1914, it was given to Insurance under this Commission to dedicate Machinery Hall, the first completed building of the Exposition, when 14,000 local people assembled for an occasion that has become history. On that occasion San Francisco itself was claimed by Insurance men as Exhibit A in the great Exposition, for the reason that insurance made it possible.

"Then, in April of 1915, insurance was given the honor of the official Exposition and City 'Nine Years After Event,' which for several days gathered record crowds, beginning with Saturday, April 17th, when the greatest parade in the Exposition's history passed through the gates under the leadership of insurance, proclaiming to the world its constructive influence. On April 18th the leaders in religion and education of this State spoke from one platform in the Court of the Universe, and avowed that through the agency of insurance the commercial instincts of man were being used by a greater power than theirs for the uplift of humanity.

"Since then there has been an almost continuous series of insurance conventions and meetings in this city, until at this time we have entertained more than one hundred thousand directly engaged in some line of your business or allied activity. If all of those who have been here, together with their natural following of families and friends, had come at one time, we could not have looked out for them, and if the European participation had materialized upon the basis which their interest previous to the wars made it reasonable to expect, we would have been completely swamped.

"The events were all educational. The commercial element of the business has been kept in the background. They have exploited the side of your business that the public ought to know—its Social Service.

"It is variously estimated, from the information in our hands, that there will be here during this week from six to eight thousand insurance men. We know the attractions of the Exposition and the City will make it difficult to get you all together at one time, but the organization is of such a character that the big purposes aimed at will nevertheless go forward.

"The last two pages of the program, if you will note, recite the existence of a National Council. These are the representatives of 115 American insurance and allied associations, many of them national in their scope. These associations have by resolution endorsed this Congress. Their delegates are here to listen to these deliberations and finally, as an organization, to determine its findings. Upon these gentlemen rests a deep responsibility. The Exposition has started a great public educational movement as to

the real functions and services which you individuals, your companies, and your societies, perform. Whether or not the movement will go forward as an educational campaign for the good you are doing in the world depends upon you. When these meetings close, the greatest Exposition in the world will have done its part for a business that performs a service little understood by the public. This service will go on. In time the public will come to understand it better, and look more kindly upon it and the men engaged in it. The time, however, depends upon you. The Exposition has played its part. It has made an epoch in insurance history.

"I do predict, however, that the public in time will judge the men engaged in the business by the extent to which they grasp this opportunity of carrying forward the work of clarifying the public mind as to the broad social functions of your commercial activities.

"I now have the honor of introducing to you a man who is so well known nationally for his broad understanding of insurance subjects, as well as for his many other attainments, that a lengthy introduction from me would be superfluous. He is Chairman of the Committee on Insurance Law of the American Bar Association. From this time he will have charge of these meetings as General Chairman—the Honorable Arthur I. Vorys, of Columbus, Ohio."

[The address of Mr. Vorys will be found on page 72.]

GENERAL CHAIRMAN INTRODUCING CHESTER H. ROWELL

"The Governor of this great State, because of his unavoidable absence here to-day, has delegated a fit representative to convey to us the sentiments of the great State of California and its people respecting this organization, these people, this World's Insurance Congress. A student in sociology, a man of national reputation, insurance has not been neglected by him: the editor and manager of a great inland paper, and a Commissioner of the Exposition, I take great pleasure in introducing to you Mr. Chester H. Rowell of Fresno."

[The address of Mr. Rowell will be found on page 73.]

GENERAL CHAIRMAN ON CONCLUSION OF MR. ROWELL'S ADDRESS

"Mr. Rowell is a man who can be described by that trite old saying, 'He is a man who has the courage of his convictions'. He has spoken to us with frankness, and he has given us a view into the future of insurance which no doubt all of you who are engaged in the business hope may some day be realized."

GENERAL CHAIRMAN INTRODUCING ARTHUR H. BARENDT

“When I came into this city a week ago, I saw in many places banners saying ‘Elect Rolph at the Primaries’. I wondered what that meant, and it wasn’t until I had made some inquiry that I found you had a kind of primary here in San Francisco which provided for political nominations, and also provided that if a candidate got more votes than all of the rest put together, he was then elected, and as the result of that primary Mayor James Rolph was so endorsed by the voters of this City that he was re-elected for another four-year term. In expressing our regret that the Mayor cannot be here with us to-day, I am also expressing his very sincere regret, but he has delegated a gentleman to take his place who is well qualified to speak the feeling of the City of San Francisco toward those assembled here—Mr. Arthur H. Barendt.”

[The address of Mr. Barendt will be found on page 75.]

GENERAL CHAIRMAN INTRODUCING DARWIN P. KINGSLEY

“To respond to the gracious words of welcome on behalf of the State and City, I will introduce to you a gentleman of whom the institution of insurance may well be proud. He has had to do with it in several different capacities. He has had experience as an official in supervising the conduct of insurance on behalf of one of our States. He has been through the vicissitudes of life insurance when life insurance was on the rack. He has come out of it personally unscathed. He is the president of a life insurance company, mutual in its organization, mutual in fact—so large that it is now recognized as a quasi-public institution, so large that he at the head of it regards it as a public trust, and himself a public functionary. It gives me great pleasure to introduce to you Mr. Darwin P. Kingsley, President of the New York Life Insurance Company.”

[The address of Mr. Kingsley will be found on page 77.]

GENERAL CHAIRMAN ON CONCLUSION OF MR. KINGSLEY'S ADDRESS

“There is no doubt in listening to this profound and remarkable address of Mr. Kingsley—so pregnant with deep thought—that we here have been impressed with what we have been thinking about for a long time, the duty of this Nation, a wider and greater duty of every individual in this Nation, a duty that makes us face the whole world as a human family, a duty to in some way accomplish the design of the Master, and bring about the Brotherhood of Man, the Fatherhood of God.”

GENERAL CHAIRMAN INTRODUCING CHARLES C. MOORE

“We see here in this City, on this Pacific Coast, the most magnificent spectacle that human eyes have witnessed—this great

Panama-Pacific International Exposition. We had heard about it; but when we see it in the sunlight, and when we see it in the limelight, we marvel as we never did before. We marvel at the genius of those who produced it; we marvel more when we think of the circumstances, the obstacles which they surmounted, in bringing about this great Exposition. We marvel when we see how it has provided for the convenient accommodation of the people. Why, it is like Sunday out there. The quiet crowds, moving about, transported from place to place—every one having an opportunity to witness every feature of this remarkable spectacle.

“We are fortunate to-day in having with us the President of that Exposition. We have been fortunate, and hundreds of thousands of people engaged in the business or affected directly or otherwise by insurance, have been fortunate that the President of this Exposition was inspired with a notion that insurance should form a conspicuous part in this great Exposition. He will now address us, and state why the Panama-Pacific International Exposition has given prominent recognition to insurance, and what it hopes the Congress will accomplish.

“I have the distinguished honor of introducing to you Charles C. Moore, the President of the Panama-Pacific International Exposition.”

[The address of Mr. Moore will be found on page 83.]

GENERAL CHAIRMAN ON CONCLUSION OF MR. MOORE'S ADDRESS

“I know we all appreciate, among other things said by Mr. Moore, the tone and spirit of welcome—the emphasis that he places upon the institution of Insurance. Sometimes we have to go away from home to learn about our own city. Sometimes we have to go away from our own business and get ideas about it, for I think you who are here and who are engaged in the business of insurance have found in what has been said by Mr. Moore a most perfect and advanced conception of your business of insurance.”

GENERAL CHAIRMAN INTRODUCING J. N. GILLETT

“The program this afternoon will be concluded by one who for years has been a friend of insurance. He has been a legislator in the legislative assembly of California, he has been a member of the National Congress, and he was Governor of the State of California during the reconstruction period. He will address us on the subject of the service performed by insurance, and I take pleasure in introducing to you former Governor J. N. Gillett.”

[The address of Mr. Gillett will be found on page 86.]

GENERAL CHAIRMAN ON CONCLUSION OF MR. GILLETT'S ADDRESS

“It is a long way from Columbus, Ohio, to San Francisco, but I think that speech was worth the trip.”

CLOSING ADDRESS OF THE GENERAL CHAIRMAN

"The American Life Convention, which needs no description, I apprehend, in this body—an important organization of life insurance companies, has been holding its annual convention this last week at Del Monte, and at four o'clock there will be ceremonies in the Court of Abundance on the Exposition Grounds commemorative of the services of the American Life Convention, including the presentation of a medal of honor. Automobiles are here in front of the building to take the members of the Convention and their friends out to the Exposition Grounds. The ceremonies there will be at four o'clock.

"Now the Congress will convene to-morrow morning at ten o'clock in the adjoining hall. Honorable Lawrence Y. Sherman, United States Senator from Illinois, whom you all know, who has a wide reputation, and who has given considerable attention to the subject which is interesting yourselves now, will be the Special Chairman to-morrow.

"I also wish to say that on to-morrow important committees of the Congress will be announced.

"I trust that you all feel, as I certainly do, that this has been a most auspicious opening of what I hope to be not only the World's Insurance Congress of 1915, but a permanent organization for educational purposes that will exist in this country forever."

End of the First Day's Proceedings.

TUESDAY, OCTOBER 5TH, 1915

"CONSTRUCTIVE INFLUENCE OF INSURANCE"

OPENING ADDRESS OF THE GENERAL CHAIRMAN,
ARTHUR I. VORYS

"I wish to announce this morning the appointment of several committees, anticipating some concrete results of this Congress. The organization (I will read it as it is published on the printed program) 'consists of a Commission of the Panama-Pacific International Exposition, composed of a Commissioner, a Deputy Commissioner, an Executive Committee of five and a National Council created at the request of the above Commission by each of the following associations having delegated the respective member to represent them in the deliberations and findings of this Congress,' and following that is the list of the respective organizations who have selected delegates to the Congress. I desire to announce the appointment of a Committee on Resolutions of five members of the National Council as follows: Robert Lynn Cox, Chairman, C. H. Woodworth, Louis H. Fibel, J. B. Levisn and I. I. Boak; and a Committee on Permanent Organization as follows: Charles

H. Holland, Chairman, Charles W. Scovel, T. L. Miller, Franklin H. Wentworth, William G. Wilson, Dr. Frederick P. Hoffman, C. I. Hitchcock, William J. Dutton, Bayard P. Holmes, Mark T. McKee, Harry P. Coffin, W. E. Straub, C. T. Hughes, Willard Done and George I. Cochran. In addition to those fifteen members of the Committee on Organization the five members of the Committee on Resolutions will, *ex officio*, be members of the Committee on Permanent Organization. Mr. Garner Curran, the Deputy Commissioner of the World's Insurance Congress, will act as Secretary of both of these committees."

CHARLES W. SCOVEL SPEAKING FROM FLOOR

"Mr. Chairman: It occurs to me that if this body were working under a written charter it would provide as a matter of course that the executive would be a member of all committees. We have no constitution or charter, but we atone for that by having two executives—the general executive of the World's Fair Commission and our General Chairman. It seems quite obvious that—not to honor them, but because the committees need their services, they should be *ex officio* members of these two committees, and I therefore move, and put the question, to spare the Chairman embarrassment, that the Chairman and the Commissioner be *ex officio* members of those committees. Do I hear a second?"

(*The motion was seconded from the floor and unanimously carried.*)

ACKNOWLEDGMENT OF ARTHUR I. VORYS

"Gentlemen: On behalf of Mr. Hathaway I desire to thank you; and also on behalf of myself."

GENERAL CHAIRMAN INTRODUCING LAWRENCE Y. SHERMAN

"Yesterday was an auspicious opening of this World's Insurance Congress. I know from the rapt attention those who were here gave to the several addresses, and from the expressions I heard from them afterwards, how profoundly they were all impressed by the several speakers whom we had the privilege of hearing yesterday. Insurance as a social instrument was exalted—not, however, exaggerated. We were given a foresight of the day when insurance will cover every human activity. We were given a foresight of the day when it will cover the activities of the world, and we were inspired to a broader degree as citizens. We were reminded, as we were constantly reminded during the last year, and particularly during the last few months, of a responsibility of citizenship not confined to state, not confined to nation, but that must cover the whole broad brotherhood of humanity. Yesterday's proceedings made a fit setting for what is to follow, and I congratulate you on the program which is made out for us to-day.

"We are particularly honored to-day by the choice made of the Special Chairman who will have entire charge of the proceedings of the day, the distinguished Senator from Illinois. In our conception there are few honors which can be bestowed upon an individual, few responsibilities higher or greater than those of a United States Senator. Of course, we all recognize there is one. Now, as a native of Ohio, you would not expect me to concede that the next President of the United States is liable to come from another state, but if he is, if, as has occurred about once or twice in the last fifty years by a fluke of politics, the President of the United States is taken from some other state, and it should happen that next year we should witness another such a fluke, I can assure you that I expect on behalf of the citizens of Ohio that they will be very much consoled if the gentleman who shall be chosen is the distinguished Chairman who is to preside over this Congress to-day; and the people of Ohio will be more consoled because he comes from Ohio. He was born in Ohio, and I am afraid that that is going to make his chances against our real Ohio candidate a good deal stronger.

"He is not only a great statesman, but he is a great student of the problems that affect the world to-day, and he has been a profound student of the institution of insurance. In his public addresses, in his official career, he has evinced a deep knowledge and much learning upon the subject which we are discussing in this World's Insurance Congress; and now, ladies and gentlemen, without any further remarks upon the subject, because they are unnecessary, I am particularly delighted to turn this Convention over to the Honorable Lawrence Y. Sherman of Illinois."

[The address of Senator Sherman will be found on page 91.]

SPECIAL CHAIRMAN INTRODUCING R. W. OSBORN

"Mr. R. W. Osborn, President of the Board of Fire Underwriters of the Pacific and Manager of the Pennsylvania Fire Insurance Company, will speak to the topic 'Service Performed by Fire Insurance Companies'. Mr. Osborn is one of the leaders in fire underwriting on the Pacific Coast. He is a man who stands high in the conservative citizenry of the City and State, and even beyond the limits of the State. I have the pleasure of presenting to you Mr. Osborn."

[The address of Mr. Osborn will be found on page 95.]

SPECIAL CHAIRMAN INTRODUCING FRANK L. GILBERT

"Mr. Frank L. Gilbert is the Vice President of the National Surety Company of New York. He will address the Congress on the service performed by surety companies. Mr. Gilbert is a man who has made a study of the surety underwriting business. It

has been with him a life work. He, too, is a resident of San Francisco. He has been selected as Vice President of his Company at such long range from his Home Office because of his wide acquaintance with the problems that enter into the business, and its constructive work. He has manifested such fitness as to bring forth that confidence in his Home Office which has resulted in his high position in this distant city. Mr. Gilbert."

[The address of Mr. Gilbert will be found on page 102.]

SPECIAL CHAIRMAN INTRODUCING GEORGE B. SCOTT

"Mr. Haley Fiske, who is on the program, is prevented from coming to San Francisco on this occasion. His only nephew is to be ordained as a Bishop in the Episcopalian Church. He could not break that duty that he owed his presence elsewhere. That accounts for his absence here. In his absence Mr. George B. Scott, Manager of the Metropolitan Life Insurance Company at San Francisco, will read the paper that would have been presented by Mr. Fiske if he were present. The attitude of the Metropolitan Life Insurance Company in social service is very well known to the general public in this country, and needs no further introduction. Mr. Scott."

GEORGE B. SCOTT'S OPENING REMARKS

"I am here, Mr. Chairman and ladies and gentlemen, in a representative and not an individual capacity, and therefore I cannot abuse the privilege thus accorded me by injecting anything personal; but I am sure that if the writer of this paper that I am about to present were here, he would express his very great pleasure at being privileged to appear before this audience. Those of you who have been attracted this morning by the announcement that Mr. Fiske was to present a paper must feel very much disappointed that he is not here to present it in person, and on his behalf I apologize to you for his not coming. I apologize on my own behalf also for appearing in his place. I will now read his paper."

[Mr. Fiske's paper will be found on page 106.]

SPECIAL CHAIRMAN INTRODUCING T. L. MILLER

"Mr. T. L. Miller, President of the West Coast-San Francisco Life Insurance Company, is to speak on the topic 'Service Performed by Life Insurance Companies'. Mr. Miller is well known here and elsewhere, is prominent in the financial and commercial activities of San Francisco, is a liberal, public spirited citizen, and deservedly occupies the place that he does. I have the honor of introducing Mr. Miller."

[The address of Mr. Miller will be found on page 115.]

SPECIAL CHAIRMAN CLOSING MORNING'S SESSION

"The address of Charles W. Scovel will be deferred until the afternoon meeting. It is now past adjournment hour."

ROBERT LYNN COX SPEAKING FROM FLOOR

"May I announce on behalf of the Resolutions Committee that there will be a meeting at eight o'clock to-night in the Palace Hotel, and it is the hope of that Committee that the members of the Committee on Permanent Organization may jointly meet with them."

Afternoon Session

SPECIAL CHAIRMAN INTRODUCING DAVID VAN SCHAAACK

"Mr. David Van Schaack, Director of the Bureau of Inspection and Accident Prevention of the Aetna Life Insurance Company, and a member of the Executive Committee of the National Safety Council, will now address you. Mr. Van Schaack is a resident of Hartford, Connecticut, and is the author of a number of text books on accident prevention. He has also had newspaper experience with the New York *Sun*. Mr. Van Schaack will speak of the 'Service Performed by Casualty and Liability Companies'."

[*The address of Mr. Van Schaack will be found on page 119.*]

SPECIAL CHAIRMAN INTRODUCING CHARLES W. SCOVEL

"It is my pleasure now to announce an address by Charles W. Scovel of Pittsburgh. I preface this statement by saying that his subject is on the service performed by life insurance companies. Mr. Scovel is a former President of The National Association of Life Underwriters. He has been practical in his applied knowledge of life insurance, because he has lectured and prepared papers for the several universities in which they have enlisted his service. This has brought home to the audiences—those in the universities—the practical side of life insurance from one who is competent to talk to them on the subject. He has worked out some unusual ideas of just how life insurance has been applied, and can be applied in the future for the benefit of society and for the preservation and well being of the individual and his family. I now have the pleasure of introducing not only my personal friend for several years past, but Mr. Charles W. Scovel, of Pittsburgh."

[*The address of Mr. Scovel will be found on page 126.*]

SPECIAL CHAIRMAN INTRODUCING E. M. TREAT

"I now have the pleasure of presenting Mr. E. M. Treat, of St. Louis, Missouri. Mr. Treat is President of the American Credit-

Indemnity Company of that city. He will speak of the service performed by credit insurance. This represents a new line of insurance in this country, and Mr. Treat is probably the best informed authority on this branch of insurance that there is available at this time. It takes legitimate business out of the realm of speculation and reduces it to that class of certainty whereby the same protection is extended that insurance extends in other departments. I now have the pleasure of introducing Mr. Treat."

[The address of Mr. Treat will be found on page 139.]

SPECIAL CHAIRMAN INTRODUCING J. B. LEVISON

"I have the pleasure of introducing to the audience Mr. J. B. Levison. I have the privilege of announcing that he is one of the original organizers of the Exposition. This is the last and only opportunity I will have to say publicly for myself that the Exposition presents to the people of the Northern Mississippi Valley who have come here the most attractive and original exposition that we have ever attended. I say that for myself. I have attended some of the largest expositions held in North America. There is nothing more attractive to me than this Exposition that has been held, and is now in progress, in this City. I say this as preliminary to the statement that Mr. Levison belongs to the type of man that is great, because he has certainly contributed by the force of his originality and character to the promotion and creation of this Exposition. Mr. Levison is Vice President of the Fireman's Fund Insurance Company, and I wish to say to him that I have known of that company ever since I have been in business—more than thirty-six years. It has been an honorable business enterprise, and of that type which is eminently worthy of emulation. I need say nothing of Mr. Levison more than that he has been a leader in both public and private undertakings, and is known far beyond the limits of California, and it affords me great pleasure now to introduce him to the audience."

[The address of Mr. Levison will be found on page 143.]

SPECIAL CHAIRMAN INTRODUCING ALVIN E. POPE

"The next speaker will be Mr. Alvin E. Pope, who is Chief of the Departments of Education and Social Economy of the Panama-Pacific International Exposition. In that capacity he has had under his jurisdiction Insurance, which has for the first time in any such undertaking been classed as a factor in social economy. This has afforded him an opportunity to make some study of the constructive influence of insurance in that work, and he has entitled his paper 'The Force of Insurance and Social Economy from an Exposition Standpoint'. I take pleasure in introducing Mr. Pope."

[The address of Mr. Pope will be found on page 146.]

CLOSING ADDRESS OF THE GENERAL CHAIRMAN

"This closes the program for to-day, and the Congress will convene in this room again to-morrow morning at ten o'clock."

End of the Second Day's Proceedings.

WEDNESDAY, OCTOBER 6TH, 1915

"ASSOCIATIONS: THE INSURANCE UNIVERSITIES"

GENERAL CHAIRMAN INTRODUCING WILLARD DONE

"Mr. F. W. Kellogg was expected to preside at the meeting to-day, but on account of the serious illness of a member of his family, taking him down to Pasadena to a hospital, he is unable to be here. We are fortunate, however, in the selection by the Committee of the Special Chairman to-day to take the place of Mr. Kellogg, namely, in the person of Honorable Willard Done. Mr. Done was for a long time the Commissioner of Insurance in the State of Utah. Mr. Done is the kind of man that whenever he touches anything it is the better for his contact with it. As Commissioner of Insurance in the State of Utah, and particularly as a member of the National Convention of Insurance Commissioners, Mr. Done was a vital, important and constructive force. He resigned from his office as Insurance Commissioner of the State of Utah to accept the position of Assistant General Counsel of the National Board of Fire Underwriters. He is a member of the Executive Committee of the World's Insurance Congress; and it is my pleasure, ladies and gentlemen, to introduce to you now Honorable Willard Done of Utah, who will preside over the affairs to-day."

[The address of Mr. Done will be found on page 149.]

SPECIAL CHAIRMAN INTRODUCING ISAAC MILLER HAMILTON

"I first have the pleasure of introducing the representative of the American Life Convention. This Convention is made up of about one hundred legal reserve life insurance companies in various parts of the United States. The constructive work that this association or convention is doing is well known to all of us who are in the business. The one who has been appointed to represent this Convention is well qualified to present its claims for our consideration, and to state its purposes to us. I take great pleasure in introducing to you the President of the Federal Life Insurance Company of Chicago, Mr. Isaac Miller Hamilton."

[The address of Mr. Hamilton will be found on page 150.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. HAMILTON'S ADDRESS

"A splendid presentation of the cause of the American Life Convention."

SPECIAL CHAIRMAN INTRODUCING I. I. BOAK

"The National Fraternal Congress of America, comprising in its membership a great number of the leading fraternal organizations, is most fortunate in its representative here to-day. Head Consul of the Pacific Jurisdiction of the Woodmen of the World, with his headquarters for years at Denver, Colorado, this gentleman has long been a leading force and factor in the affairs of fraternal organizations. He has taken the initiative, with his organization, in the movement for permanency and adequacy of rates. In all other constructive directions he has been a strong and masterful leader. I take great pleasure in introducing, as the representative of the National Fraternal Congress of America, Mr. I. I. Boak, Member of its Executive Committee and Head Consul of the Pacific Division of the Woodmen of the World. Mr. Boak."

[The address of Mr. Boak will be found on page 155.]

SPECIAL CHAIRMAN AT CONCLUSION OF MR. BOAK'S ADDRESS

"After hearing this splendid presentation of the aims and purposes of fraternalism and the National Fraternal Congress of America, I know that you are all impressed with the possibilities of this body as an instrument for education, for conservation, for legislation. Its coöperation with us in those directions will be most potent and most valuable."

SPECIAL CHAIRMAN INTRODUCING C. H. WOODWORTH

"I now have the pleasure of presenting the representative of one of the largest of the national associations of insurance agents—an association which was organized a few years ago for the purpose of bringing about a better mutual understanding among those engaged in insurance work—the field men, whose personal contact with the public is of vital moment to the companies and to the public—the men who for all practical purposes are the companies in the estimation of the public. This association has done a world of good. It has a world of possibilities before it. It has, as its representative to-day, a man of national reputation, a man known for his constructive influence among his fellows in the insurance business, a man who realizes the responsibilities which rest upon one who is the evangel of this great system of protection to the public, and one who adequately and constantly discharges this responsibility. I take great pleasure in introducing to you as the representative of the National Association of Insurance Agents Mr. C. H. Woodworth, a former President of that

body and now connected with the Woodworth-Hawley Company of Buffalo, New York. Mr. Woodworth."

[The address of Mr. Woodworth will be found on page 160.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. WOODWORTH'S ADDRESS

"The aim and purposes of the National Association of Insurance Agents, as set forth, I am sure receive the endorsement of the members of this Congress, and we all desire to coöperate in bringing about the objects of that association."

SPECIAL CHAIRMAN INTRODUCING H. H. WARD

"Not many years ago the life insurance agent was a sort of Esau among his fellows, his hand against every man's, every man's hand against him. The representatives of different companies sometimes had lain down together, but it was always with the hatchet inside the line. If the hatchet was ever buried between them, it was usually buried in the head of the unfortunate competitor. Since that time, however, a wonderful change has occurred, and I have witnessed that change myself in my own experience since entering the business of life insurance some fifteen years ago. It is a change for the better, whereby friendliness and coöperation have taken the places of unfriendliness and bitterness, and has been due, more than anything else, to the associations, local and national, of life insurance agents. The companies have also been encouraged by these associations in higher and more ethical practices. In the distribution of literature, and in other directions, the influence of the work of these associations has been seen, as it has been in the attitude and the acts of the company managers. I therefore speak with great admiration and honest reverence of the excellent constructive work that has been done by The National Association of Life Underwriters and in local organizations.

"You will see in the most conspicuous places in our insurance journals this magic slogan 'Come to the Pacific with Ward'. I have pleasure in introducing Mr. H. H. Ward, former President of The National Association of Life Underwriters and Manager for the Pacific Mutual Life Insurance Company in Portland, Oregon. Before giving Mr. Ward the platform, however, I wish to say that he is lame, and we are going to allow him to sit whenever he wants. Mr. Ward."

[The address of Mr. Ward will be found on page 164.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. WARD'S ADDRESS

"I feel a deep debt of gratitude to Mr. Ward for his pains in dealing with the wonderful work of his organization, and I think that he has been too modest in speaking of his own part. I know

Mr. Ward has been one of the strongest leaders in life insurance circles in this country. I know to him is due very much of the credit for what has been accomplished and what will be accomplished in the future, and personally I desire to thank him for his excellent presentation.

"Gentlemen, this concludes the set program for the morning."

[*The address of E. W. DE LEON, President of the Casualty Company of America, on "International Association of Casualty and Surety Underwriters", which was scheduled for the morning session, was not read. It will be found on page 173.*]

Afternoon Session

SPECIAL CHAIRMAN INTRODUCING FRANKLIN H. WENTWORTH

"The excessive fire waste of the United States is a matter of great and growing interest to all thoughtful citizens. Men and organizations are taking active steps to lessen this waste by effective methods of fire protection and prevention.

"A leader in this work is the National Fire Protection Association, with headquarters in Boston. We are very fortunate in having the Secretary of that organization with us to-day. For years he has been an enthusiastic and industrious advocate of practical means of checking our appalling fire waste. Whether he becomes discouraged in his efforts I do not know. That the results achieved do not equal his desires, there can be no doubt, but he may console himself with the thought that the fire waste is not keeping pace with the great increase in property values, and that the public is manifesting an increased interest. Largely through his activities some states have enacted personal liability laws, and next Saturday, the anniversary of the Chicago conflagration of 1871, has been proclaimed by the governors of a number of states as 'Fire Prevention Day.' I think, therefore, the movement is growing, slowly, as all great movements must grow, but none the less surely.

"I have the honor to introduce Mr. Franklin H. Wentworth, of Boston, the Secretary of the National Fire Protection Association."

[*The address of Mr. Wentworth will be found on page 177.*]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. WENTWORTH'S ADDRESS

"I cannot commend this scholarly paper to you too highly, and I trust that the message that it conveys so briefly but so well will be a message that you will take to yourselves. Fire prevention is a public matter. The movement which Mr. Wentworth represents is a popular movement. It cannot be made too public, nor too popular. It is the individual duty of every man to become his

brother's keeper with reference to the fire waste—to see that his effort is in the direction of prevention and elimination. Wherever you can wield influence, I trust that not only in this but in the coming years you will impress upon your neighbors and those with whom you come in contact the necessity of following the sound advice of fire protection and prevention which we have had so well presented.”

SPECIAL CHAIRMAN ON READING ADDRESS OF CHARLES A. PEABODY

“I regret that the next speaker announced on the program is unable to be present with us. We had the privilege, on the opening day of this Congress, of listening to a remarkable address from one of the great life insurance presidents and we regret very much that another of these presidents, announced in the program for this afternoon, has found it impossible to be present. Mr. Charles A. Peabody was to have spoken on the subject of the Association of Life Insurance Presidents, responding, of course, to the general topic of the insurance associations as universities. I am glad to say, however, that the paper which he has prepared is in my hands, and I have been requested to read it. Mr. Peabody's prominence as President of The Mutual Life Insurance Company of New York, his efficiency in the world of finance, are the causes which make his paper valuable and at the same time prevent him from being here to read it, as he became involved in the negotiations for the loan that is being made to the Allies, and was unable to get away to come West and meet with us. These are Mr. Peabody's words:

[Mr. Peabody's paper will be found on page 180.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. PEABODY'S PAPER

“I am glad indeed to have had the privilege of presenting this paper, although a life insurance president from the Pacific Coast narrowly escaped being called upon by coming in a little late. The Association of Life Insurance Presidents, representing thirty of the largest and oldest life insurance companies of the United States, sends forth a paper here which is most instructive, and which we can all take to heart in the work that we are doing.”

SPECIAL CHAIRMAN INTRODUCING MARK T. MCKEE

“A movement of recent origin is now to be represented. A number of the insurance interests of the country, commencing especially with the casualty men, have become aroused in recent years to certain dangers of a communistic character which confront the business and those engaged in it. This danger has become so imminent in the case of the casualty companies that they took the initiative a short time ago in forming an organization that came

to be known as a federation, made up chiefly at first of their own members, but afterwards including such other insurance interests as felt like allying themselves with the federation. This movement, which had its origin, I think, in the fertile brain of Mr. W. S. Diggs, of Ohio, has now become a nation wide movement, and as a result of it there has been organized what is known as a National Council of Insurance Federation Executives. Mr. Diggs had at first accepted the invitation to appear on this program and represent this Council, but circumstances involving illness and some other untoward events prevented his coming. The Council, however, will be very worthily represented.

"I have had the privilege of hearing an address by the young man who is to speak here, and I know that you have a treat in store for you. The movement is a very active and important one. It is formed on what has recently taken shape in one chief direction, namely, the discouragement and defeat of communistic experiments of state insurance, especially state monopolistic control of the workmen's compensation trend of insurance. Of course, it was spread to other lines as well, and the objects and purposes of the Federation can best be presented to you by him who has been selected as the speaker for this occasion.

"I take great pleasure in introducing to you Mr. Mark T. McKee, who is Secretary-Treasurer of the National Council of Insurance Federation Executives, coming here from Detroit, Michigan. Mr. McKee."

[The address of Mr. McKee will be found on page 188.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. MCKEE'S ADDRESS

"I am sure that we can all sympathize very strongly and keenly with the aims and purposes of this great Insurance Federation in combatting the imminent dangers which now confront certain branches of the business. I am grateful to Mr. McKee for his masterly presentation of the subject."

SPECIAL CHAIRMAN INTRODUCING WILLIAM G. WILSON

"Some three years ago, in my work as a supervisor of insurance, I found it my duty, both pleasant and unpleasant, to enter into something of a controversy with a fellow supervisor in the interests of a certain business proposition which developed between the casualty managers and their agents in the field, particularly in the field where I was supervising insurance. The history of that controversy has been written into the insurance history of the country, and it forms, I think, one of the most instructive, and at the same time one of the most encouraging features of our history.

"I will not go into that in detail, but will say this: that as a result of our activities then, there was called to meet at Chicago,

nearly three years ago, I think, the first assembly of its kind in the history of insurance, where the managers of these companies and the agents of these companies were brought together with the Commissioners of Insurance as aids and assistants in the composing of differences and in the reaching of conclusions and agreements between the parties to the controversy. Differences were smoothed over, agreements reached which were satisfactory to all concerned, and this gathering marked an epoch in the history of insurance and insurance supervision, and pointed the way very largely toward the coöperation which we are now endeavoring to advance through the medium of this Congress.

"The body of insurance agents who were interested in this controversy is represented here to-day. I regret very much that the body of insurance managers which formed the other side of the controversy was not represented on the program this morning. I am sure, however, that the aims and purposes of the National Association of Casualty and Surety Agents will be well presented to-day. We have here as its representative a gentleman of prominence in the insurance world and in the casualty underwriting field, and I take very great pleasure in introducing to you Mr. William G. Wilson, Manager of the Aetna Life Insurance Company of Cleveland, Ohio. Mr. Wilson."

[The address of Mr. Wilson will be found on page 194.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. WILSON'S ADDRESS

"If the paper which Mr. Wilson just read to you was as good at the beginning and in the middle as it was at the end, he certainly stated his case well. I was very unfortunate in being called from the hall during its course."

SPECIAL CHAIRMAN INTRODUCING DR. W. W. BECKETT

"On account of the close affiliation between insurance, particularly life and accident and health insurance, and the medical profession, it was proper that the Association of Life Insurance Medical Directors should be asked to become a member, and should become a member, of the National Council of the World's Insurance Congress. It is not necessary for me to say anything regarding the high aims and purposes, and the great achievements of this Association, and the world of good that is being done in the prevention of disease, the conservation of life and of health. While on this subject I may be pardoned for announcing to you that on Tuesday next, under the auspices of this Congress, it is intended to devote a day to the subject of life conservation, including a parade and exercises on the Exposition Grounds. The subject is of such vital importance to us, and is growing so in public interest, that we have reason to believe that the public will show its interest by participating in the exercises of that day.

"We are very glad indeed to have a worthy representative of that Association on the program this afternoon—one whose eminence in his field of work is recognized among the general public everywhere. A representative of the giant company of the Pacific, he is particularly at home in California. We take pleasure, therefore, in welcoming him here, and I take great pleasure in announcing as our next speaker Dr. W. W. Beckett, Medical Director of the Pacific Mutual Life Insurance Company. Doctor Beckett."

[The address of Dr. Beckett will be found on page 197.]

SPECIAL CHAIRMAN ON CONCLUSION OF DR. BECKETT'S ADDRESS

"The popularizing of the technicalities of medical science so that we can grasp them, though we are only laymen, has been brought about through such papers and discussions as the one which we have listened to now—scholarly, but yet so easily understood that we may grasp it and profit by it.

"Coöperative effort by policyholders in life insurance companies to help one another in conserving health and life is encouraged by just such excellent discussions as this, and we shall all profit by it."

SPECIAL CHAIRMAN INTRODUCING J. C. ADDERLY

"The last of the associations to be represented this afternoon is the National Association of Mutual Insurance Company. Mutual insurance is receiving just and due recognition here. The coöperation of men in the effort to insure one another is one of the fundamentals and essentials of social life. The essentially coöperative and mutual character of insurance as a whole is also well recognized, and therefore we are glad to know that this large branch of insurance is to have an able and creditable representative here this afternoon. To bear one another's burdens, to relieve one another's distress, to distribute, as far as possible, over the many, the calamities of the few, is the aim of insurance as a system. In its mutual aspect that is its great aim. I therefore take great pleasure in introducing, as the representative of this Association, Mr. J. C. Adderly, Secretary of the Millers Mutual Casualty Company of Chicago, Illinois."

[The address of Mr. Adderly will be found on page 199.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. ADDERLY'S ADDRESS

"This paper seems a fitting conclusion of the proceedings of this day, and serves to emphasize, as all the others have done, the common ground on which all branches of insurance stand, the common fight that all may wage, the common object that all seek for. This concludes the set program for to-day."

CLOSING ADDRESS OF THE SPECIAL CHAIRMAN

"If there is anything in the way of resolutions, motions or announcements that any one desires to offer, the opportunity is now given.

"I wish, then, in conclusion, to thank the gentlemen who have taken part in the program for their splendid papers, and for the fact that on account of their conciseness we have been able to conduct the proceedings of the day within a reasonable time limit, and that the work of the day has been of such keen interest and so profitable. With my thanks to those, also, who have attended these sessions and thereby increased interest, I now declare the meeting adjourned until to-morrow morning at ten o'clock."

End of the Third Day's Proceedings.

THURSDAY, OCTOBER 7TH, 1915

"BROADENING SOCIAL ECONOMY THROUGH INSURANCE"

GENERAL CHAIRMAN INTRODUCING ROBERT NEWTON LYNCH

"There is a meeting of the California State Association of Local Fire Insurance Agents in another room upstairs, whose members expect to attend here, but in view of the length of the program I think we will proceed at once, and I am very much pleased to introduce the Special Chairman for the day in the person of Mr. Robert Newton Lynch. Mr. Lynch is Vice-President of the San Francisco Chamber of Commerce, and in that capacity, and in other ways, is an active influence in the affairs of San Francisco. Indeed, his activities have extended in a larger way clear across the Continent, and Mr. Lynch is well known throughout the country. I am pleased to introduce to you the chairman of the day, Mr. Lynch."

[*The opening address of Mr. Lynch will be found on page 204.*]

SPECIAL CHAIRMAN INTRODUCING E. O. McCORMICK

"I now have great honor in introducing Mr. E. O. McCormick, Vice-President of the Southern Pacific Company. The Southern Pacific is probably the greatest corporation which we have in the whole West. It has rendered very distinguished service throughout all the Western country, and perhaps throughout the United States, and it is due to the foresight and ability of Mr. McCormick that many of the triumphs and successes of that Company have been brought about, and I am sure he brings a contribution that we will be very glad to receive from his hands."

[*The address of Mr. McCormick will be found on page 205.*]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. MCCORMICK'S ADDRESS

"We expected a paper from Mr. McCormick, and I am very glad we got more than that from him. We got a sermon. I would like to congratulate Mr. McCormick upon his skillful application of Scripture. He has really given us a sermon, and perhaps all of the papers that will be delivered, not only in this session but throughout the Congress, will bring out the very deep and fundamental relations widely underlying all of these ideas, because religion does concern itself considerably with the relation of people to each other. Perhaps the general text might be suggested 'Bear ye one another's burdens'."

SPECIAL CHAIRMAN INTRODUCING E. E. RITTENHOUSE

"Now the next speaker will also bring forward a very fundamental idea. The Life Extension Institute has a very inspiring and wonderfully fascinating title. Insurance is concerned with the conserving and prolongation of life, and it must occur to every thoughtful person that we die just about the time we get ready to live, and I am sure Mr. Rittenhouse will bring us a message which will stir us, and suggest to us many things in regard to the deepening and prolongation of life. It gives me great pleasure at this time to introduce to you Mr. E. E. Rittenhouse, President of the Life Extension Institute of New York."

[The address of Mr. Rittenhouse will be found on page 211.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. RITTENHOUSE'S ADDRESS

"I think all of those present will thank Mr. Rittenhouse for his able paper."

SPECIAL CHAIRMAN INTRODUCING DR. F. G. COTTRELL

"The next speaker is Dr. F. G. Cottrell, of the United States Bureau of Mines. The establishment of this Bureau of Mines recalls to my mind a very significant incident related to me not long ago by a former Immigration Superintendent. He was interested in the mine workers of Pennsylvania, and in investigating the situation discovered that there were a certain number of lives lost in proportion to damage done, but in the course of his investigation discovered that the greater number of lives were lost not in the mine, but on the way from the mines to the hospitals, which were often located at some distance away, and by the simple expedient of locating the hospitals at the mouths of the mines, as a result of that investigation, mortality was reduced four hundred per cent.

"I am sure we will profit by listening to the paper of Dr. F. G. Cottrell, Chief Chemist of the United States Bureau of Mines at San Francisco. Dr. Cottrell."

[The address of Dr. Cottrell will be found on page 211.]

SPECIAL CHAIRMAN ON CONCLUSION OF DR. COTTRELL'S ADDRESS

"We thank Dr. Cottrell for his very interesting and instructive effort."

SPECIAL CHAIRMAN INTRODUCING ARTHUR HAWXHURST

"The next speaker will represent a modern department store. I think there is not a sufficient appreciation in the country at the present time of the tremendous contribution that has been rendered the social life in this country by the modern department store. Marshall Field and Company occupy a preëminent position in that respect. It is a department store that has followed high principles, and we are certainly privileged to have with us to-day Mr. Arthur Hawxhurst, Insurance Manager of Marshall Field and Company, who will speak of the relation of such a movement to the insurance idea. Mr. Hawxhurst."

[*The address of Mr. Hawxhurst will be found on page 225.*]

SPECIAL CHAIRMAN INTRODUCING HARRY P. COFFIN

"Ladies and Gentlemen: The hour is getting very late, and the next paper is a very important one. It deals with the official side of the public safety movement, and has as its exponent a gentleman who is familiar with the whole genesis of this movement, because Safety First started in the Northwest. Is it the pleasure of the audience that this paper be presented now, or in our afternoon session? Either course will be agreeable to the speaker. (*Audience requested that paper be heard.*) Permit me, then, to introduce to you Mr. Harry P. Coffin, Chairman of the Public Safety Commission of the city of Portland, Oregon."

[*The address of Mr. Coffin will be found on page 236.*]

GENERAL CHAIRMAN ON CONCLUSION OF MR. COFFIN'S ADDRESS

"We have all enjoyed hearing this paper, from the particular mention that it makes of modern conditions of life, as well as for its able construction.

"We will take a recess now, to meet again this afternoon at two o'clock."

Afternoon Session

SPECIAL CHAIRMAN INTRODUCING C. E. BAEN

"Ladies and Gentlemen: We will begin with our afternoon program, and the order will have to be slightly changed, because Mr. Sturgis, who was to have been the first speaker, will not be here until three o'clock.

"In the meantime we will call upon Mr. Baen, who is here to

speak from the standpoint of the National Association of Credit Men. We had this morning a most instructive and interesting session. This afternoon we are dealing with voluntary organizations. The first to be heard from will be the National Association of Credit Men. I am pleased to introduce Mr. C. E. Baen, who is the Assistant Manager of the International Banking Corporation in San Francisco."

[The address of Mr. Baen will be found on page 242.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. BAEN'S ADDRESS

"I am very glad that Mr. Baen's address is going to have permanent record in the activities of this Congress, for it certainly deserves an audience capable of more than filling this hall."

SPECIAL CHAIRMAN INTRODUCING ARTHUR I. VORYS

"I will now have the pleasure of introducing the gentleman who was good enough to introduce me this morning, Mr. Arthur I. Vorys, who will speak from the standpoint of the American Bar Association."

[The address of Mr. Vorys will be found on page 246.]

SPECIAL CHAIRMAN INTRODUCING JAMES K. LYNCH

"I think all of the speakers should be congratulated that they have so rigidly adhered to their subjects. I think it has been sought in the program to secure the most distinguished representatives of all of those organizations which are here represented, and very fortunately we have with us a local banker, Mr. James K. Lynch, Vice President of the First National Bank of San Francisco, who was at a recent convention elected President of the American Bankers' Association, and can therefore speak with authority upon the subject which he is to cover.

"I have unique pleasure in introducing Mr. James K. Lynch, who will speak for the American Institute of Banking."

[The address of Mr. Lynch will be found on page 252.]

SPECIAL CHAIRMAN INTRODUCING R. CLIPSTON STURGIS

"I now have the pleasure of introducing Mr. R. Clipston Sturgis, President of the American Institute of Architects, who will speak from that standpoint in relation to the insurance idea."

[The address of Mr. Sturgis will be found on page 256.]

SPECIAL CHAIRMAN ON CONCLUSION OF MR. STURGIS' ADDRESS

"I think we are disposed to thank Mr. Sturgis for the very delightful and splendid address, of which we have enjoyed every moment."

CLOSING ADDRESS OF THE SPECIAL CHAIRMAN

"This concludes the papers which have been set for the afternoon, except that of Mr. John A. Britton, who was to have spoken for the American Institute of Electrical Engineers, but who was unfortunately called away from the city, and his paper will be read upon the minutes. We will now adjourn until to-morrow morning, when the problems that have been developed in these deliberations will be taken up."

[*Mr. Britton's paper will be found on page 260.*]

End of the Fourth Day's Proceedings

FRIDAY, OCTOBER 8TH, 1915

"PRESENT PROBLEMS AND FUTURE CONTINGENCIES"

GENERAL CHAIRMAN INTRODUCING M. H. DE YOUNG

"Those of us who were fortunate enough to be here yesterday I think will always carry the memory of it as one of the most interesting and instructive days we ever experienced. The addresses showed great research and study, and were highly instructive to all of us. The thing that impressed us, however, was the wonderful, marvelous work that is being done in a disinterested way by so many individuals, so many organizations, for the benefit of mankind. We left the meeting yesterday, I think, with a spirit of optimism that we never had before. Yesterday was devoted to a discussion of the broadening of social economy through insurance.

"To-day we have an equally interesting program devoted to the present problems and future contingencies of the insurance business. The Congress is particularly honored to-day in the person of Mr. M. H. De Young, who will be the Special Chairman. It is beyond my ability to set forth to you the career, the attainments, of Mr. De Young. All my life I have heard of Mr. De Young. It seems as if there was never anything going on in San Francisco but what Mr. De Young was taking a leading part in it. There was never anything proposed in the State of California but what he was in the lead in the discussion, and in promoting the interests of this great State. It seems to me there was never anything in the last fifty years proposed in the United States that Mr. De Young was not connected with it in an active and constructive way. He is not only a city, a state, a national figure, he is really a world figure. He was President of a former exposition held in San Francisco, he is the Vice President of this Exposition. He is a great man.

"He came from Ohio. It seems to me, in the couple of weeks I have been here, every place I go I see Mr. De Young. I was

out at the Washington Day celebration and I heard him describe the glories of that great Northwestern country. I attended the ceremonies of Ohio Day, day before yesterday, and Mr. De Young was telling there about the great State of Ohio. He did not go quite so far as the Governor did, however. The Governor began with the Revolutionary War, and explained how the first and last battles of the Revolution were fought in Ohio. He told of the careers of the great men of Ohio, and then astounded us Ohioans when he told how the World's Fair wouldn't have been a possibility if it were not for the State of Ohio. He told us how that wonderful Tower of Jewels wouldn't be there if it weren't for Thomas A. Edison, and he told us of those other conspicuous things—for instance the flying machines—that wouldn't be there for the marvel of the people, if it weren't for the Wright brothers of Dayton, Ohio. He went on to say that California wouldn't be much of a state if it weren't for the seventy thousand Ohioans living in California.

"I don't want to make any invidious comparisons, but I do think that Mr. De Young is the best that has been produced out here, and I take great pleasure in introducing as your Special Chairman to-day, Mr. M. H. De Young."

[The address of Mr. De Young will be found on page 268.]

SPECIAL CHAIRMAN INTRODUCING WILLIAM SEXTON

"The first speaker of the day is probably known to you all. I think you call him 'Uncle Bill.' His name is William Sexton."

[The address of Mr. Sexton will be found on page 273.]

SPECIAL CHAIRMAN INTRODUCING F. ROBERTSON JONES

"The next speaker, Ladies and Gentlemen, will be Mr. F. Robertson Jones, Secretary of the Workmen's Compensation Publicity Bureau of New York. He will speak on the subject of the taxation of insurance companies for revenue. I take great pleasure in introducing Mr. Jones."

[The address of Mr. Jones will be found on page 275.]

SPECIAL CHAIRMAN INTRODUCING T. W. BLACKBURN

"Gentlemen: After listening to the able paper of Mr. Jones, and I know you all enjoyed it, we are now going to hear from Mr. T. W. Blackburn, of Omaha, who will speak of the views of the American Life Convention upon the subject of state supervision of insurance. The American Life Convention is composed of approximately one hundred of the smaller life insurance companies. I take great pleasure now in introducing Mr. Blackburn, Secretary of that Convention."

[The address of Mr. Blackburn will be found on page 287.]

SPECIAL CHAIRMAN INTRODUCING FRANK E. McMULLEN

"The next is a paper prepared by Mr. Edward A. Woods on the taxation of insurance companies. Mr. Woods is President of the National Association of Life Underwriters and a resident of Pittsburgh. Mr. Woods is not here, and Mr. Frank E. McMullen, a prominent life insurance man of Los Angeles, and former President of The National Association, will present his document."

FRANK E. McMULLEN, FORMER PRESIDENT, NATIONAL ASSOCIATION
OF LIFE UNDERWRITERS, SPEAKING ON BEHALF OF EDWARD
A. WOODS

"Mr. Chairman and Gentlemen: As the Chairman has announced, the reading of Mr. Woods' paper will not be imposed upon you this morning, because of the length of the program, and the desire of the committee to give ample time for those who are here to present their addresses. The paper of Mr. Woods is on the taxation of insurance companies, written under the head 'Penalizing the Prevention of Poverty' and is presented to this Congress by me to be printed in the report of the Congress. It will also be printed in *The Daily Field* and many other insurance journals through the country, so you may all read it, and I hope give it much dissemination. Mr. Woods has made an exhaustive study during the past few years of the subject of taxation of life insurance companies, and I believe is one of the foremost authorities on that subject in the United States. He has written several able addresses, perhaps the most important of which is in pamphlet form and has been distributed from the Exposition through the booth of The National Association of Life Underwriters. This pamphlet will also be distributed at the door as you leave.

"I regret deeply that Mr. Woods' personal affairs prevented his being present at this Congress to give his paper the force of his own personality and strength."

[*Mr. Woods' paper will be found on page 298.*]

SPECIAL CHAIRMAN INTRODUCING I. I. BOAK

"Mr. I. I. Boak, Head Consul of the Pacific Jurisdiction of the Woodmen of the World, will present a paper written by George W. Miller, and will ask that it be put into the minutes of the Congress."

I. I. BOAK, HEAD CONSUL PACIFIC JURISDICTION, WOODMEN OF THE
WORLD, SPEAKING ON BEHALF OF GEORGE W. MILLER

"Gentlemen: It is to be regretted that Mr. Miller is unable to be with us this morning and personally present his paper on the subject of national supervision. I know Mr. Miller to be one of the keenest, cleanest students of insurance in its broader sense in

this whole country, and I am sure you would have been glad to have meet him and known him personally, but unexpected business matters suddenly developed which prevented his attendance. He has asked me to read a paper of thirty pages of typewritten matter, and if you had more time I would be pleased to comply with his request, but inasmuch as it is desired to conclude shortly, I shall read only two or three paragraphs from this very excellent paper.

"Mr. Miller is a lawyer of broad experience, and, as I have said, a very deep student of the question of insurance. He reflects in this paper only his own views. He does not attempt to reflect the sentiment of The National Fraternal Congress of America, of which he is President, or the views of any other organization.

"I ask, Mr. Chairman, that this paper be read into the records of this Congress, that it be given the widest publicity, and personally do I commend it to your careful consideration."

[Mr. Miller's paper will be found on page 306.]

SPECIAL CHAIRMAN INTRODUCING SAMUEL DAVIS

"The next speaker will be Samuel Davis, a member of the Boston Bar. Mr. Davis will present his views upon the subject of national supervision of insurance. Mr. Davis."

[The address of Mr. Davis will be found on page 320.]

SPECIAL CHAIRMAN INTRODUCING CHARLES F. COFFIN

"The last speaker we have on the program is Mr. Charles F. Coffin, Vice-President of the State Life Insurance Company, who will speak on the subject of National Supervision."

[The address of Mr. Coffin will be found on page 329.]

GENERAL CHAIRMAN ON CONCLUSION OF MR. COFFIN'S ADDRESS

"This remarkably able address of Mr. Coffin's, which will take its place with many other great papers that will go into the records of this Congress, closes the program for to-day."

SPECIAL CHAIRMAN ON BEHALF OF DAVID STARR JORDAN

"The next on the program, David Starr Jordan, Chancellor of Stanford University, is one of the most prominent men we have in our country. Dr. Jordan, having been informed that there will be no afternoon session, asks that his paper, entitled 'Governmental Obstacles to Insurance' be made a part of the records of the Congress without reading."

[Dr. Jordan's paper will be found on page 337.]

CLOSING ADDRESS OF THE GENERAL CHAIRMAN

"I desire on behalf of you, and all of those interested in the business of insurance and all of those affected by the institution of insurance, to express our thanks to all of those gentlemen who have addressed us this morning, and also to Mr. De Young, who has so well presided over the deliberations here to-day.

"This closes the meetings at this Auditorium, and in dismissing the Congress, I desire to announce that the National Council will hold its meeting at the Palace Hotel at ten o'clock to-morrow morning."

End of the Fifth Day's Proceedings

SATURDAY, OCTOBER 9TH, 1915

MEETING OF THE NATIONAL COUNCIL

The meeting of the National Council of the World's Insurance Congress was held in the Palace Hotel, San Francisco, at ten-thirty o'clock on the morning of Saturday, October 9th, 1915.

Hon. Arthur I. Vorys, General Chairman of the Congress, called the meeting to order, after which Robert Lynn Cox assumed the Chair.

The following members of the Council, representing the Associations set opposite their names, were present:

L. O. Armstrong	Bureau of Commercial Economics (Alternate)
I. I. Boak	National Fraternal Congress of America.
Chas. H. Boyer	Southern Casualty and Surety Conference.
George I. Cochran	Executive Committee of Congress.
Robert Lynn Cox	Association of Life Insurance Presidents.
Dr. Chas. T. Cutting	Health and Life Conservation Bu- reau of the Pacific.
W. H. Davis	Association of Life Insurance Counsel (Alternate).
Hugo R. Delfs	International Association of Fire Engineers.
Willard Done	Executive Committee of Congress.
William J. Dutton	Executive Committee of Congress.
Walter C. Faxon	Bureau of Personal Accident and Health Underwriters.
Louis H. Fibel	Health and Accident Underwrit- ers' Conference.
W. L. Hathaway	Commissioner of the Congress.

H. C. Heddon	Plate Glass Service and Information Bureau.
C. I. Hitchcock	Executive Committee of Congress.
Dr. Fred'k. L. Hoffman	American Statistical Association; American Museum of Safety.
Charles H. Holland	International Association of Casualty and Surety Underwriters; Workmen's Compensation Service Bureau.
Bayard P. Holmes	International Claim Association.
C. T. Hughes	National Association of Credit Men.
Mark T. McKee	National Council of Insurance Federation Executives; Michigan Fraternal Congress (Alternate)
T. L. Miller	American Life Convention.
C. W. Mitchell	National Association of Electrical Inspectors; California Association of Electrical Inspectors.
F. H. Porter	Fire Underwriters' Inspection Bureau.
G. M. Robertson	Fire Underwriters' Uniformity Association.
A. W. Ross	Mainland Fire Underwriters' Association of British Columbia.
Charles W. Scovel	National Association of Life Underwriters.
A. F. Stone	National Automatic Sprinkler Association (Alternate)
W. E. Straub	National Association of Mutual Insurance Companies.
Gordon Thomson	American Institute of Actuaries (Alternate)
David Van Schaack	National Safety Council.
Arthur I. Vorys	American Bar Association.
Rolla V. Watt	Board of Fire Underwriters of the Pacific.
T. H. Williams	Fire Underwriters' Association of the Pacific; Ancient and Honorable Order of the Blue Goose.
William G. Wilson	National Association of Casualty and Surety Agents.
C. H. Woodworth	National Association of Insurance Agents.

There was first presented by Robert Lynn Cox, the report of the Resolutions Committee of the World's Insurance Congress. Three resolutions were submitted.

Upon motion of Mr. Isaac Miller Hamilton, seconded by Bayard P. Holmes, the first resolution was unanimously adopted as read.

[The first resolution will be found on page 426.]

Upon motion of T. L. Miller and second of Willard Done, the second resolution was unanimously adopted as read.

[The second resolution will be found on page 427.]

Upon motion of Arthur I. Vorys and second of Charles H. Holland, the third resolution was unanimously adopted as read.

[The third resolution will be found on page 427.]

There was then presented, by Charles H. Holland, the report of the Committee on Permanent Organization.

[The report of this committee will be found on page 428.]

A question was raised by C. T. Hughes as to the wording of Section Six of the tentative plan of organization, as outlined in the Committee's report, relating to the selection of alternates to take the place of delegates in the National Insurance Council. Mr. Hughes suggested an amendment making plain the fact that alternates shall be selected in the same manner as regular delegates, viz., by the associations which they represent. Section Six was thereupon amended, and upon the motion of George I. Cochran and second of Willard Done, the report of the Committee on Permanent Organization was unanimously accepted as amended.

After acceptance of the report by the Council, the Chairman called upon the Executive Committee of the World's Insurance Congress to name a Provisional Central Committee of the National Insurance Council, as provided in Section Eleven of the report.

Upon the request of Commissioner W. L. Hathaway, the members of the Executive Committee withdrew from the Council meeting and formulated the following Provisional Central Committee of the National Insurance Council. Returning to the meeting room, they presented their selection to the Council for ratification:

Robert Lynn Cox	}	Representing life interests.
T. L. Miller		
Charles W. Seovel		
Louis H. Fibel	}	Representing casualty and surety interests.
Charles H. Holland		
William G. Wilson		
E. G. Richards	}	Representing fire interests.
Rolla V. Watt		
C. H. Woodworth		

William J. Dutton	}	Representing marine interests.
J. B. Levison		
I. I. Boak	}	Representing fraternal, coöperative and non-stock interests.
Mark T. McKee		
W. E. Straub		

A motion was thereupon offered by George I. Cochran, seconded by Arthur I. Vorys, and unanimously carried, that the report be so ratified.

Arthur I. Vorys then addressed the meeting upon the valuable results contributed to the cause of Insurance by the efforts of W. L. Hathaway, Commissioner of the World's Insurance Congress Events for the Panama-Pacific International Exposition. He spoke in part as follows:

"If there is no further business before the National Council there is one further matter I wish to speak about, but I don't speak exactly on my own initiative, for it has come to me from quite a number of individuals assembled here. There is one gentleman in the crowd here who I wish wasn't present, for I would much rather say in his absence what I don't like to say before him.

"W. L. Hathaway has been mentioned at various times during the proceedings of this Congress, and has been mentioned with others in the resolutions here. I never knew Mr. Hathaway until about ten days ago. I hadn't taken any particular interest in the proposed World's Insurance Congress. I had been selected by the American Bar Association to represent them in the National Council of the Congress, and thereafter had been requested to prepare a paper on the American lawyer, and came out here with no particular interest in this Congress.

"While here, however, I have been most profoundly impressed with the idea that what has been accomplished here this week is due to the efforts of one individual, and in saying that I am not minimizing what has been done by others or whatever may be done by others, but I am quite sure in my own mind that these World's Insurance Congress Events would not have been accomplished without Mr. Hathaway.

"I will not attempt to say all that is in my mind about him. I think he is a Napoleon in organization, in ability, in pertinacity, in determination, only his genius has been applied to the arts of peace instead of war. He has been inspired with the loftiest and most exalted ideals about your institution of insurance. His work in this behalf, which has covered a number of years, and has been done in spite of many obstacles, has been inspired solely with a disinterested motive. I am quite certain that he has had no idea of grinding any axe of his own, of any individual, of any insurance company, or of any insurance man. I desire to put the matter before the National Council, and offer a testimonial of our appreciation of the services of W. L. Hathaway."

At the conclusion of Mr. Vory's remarks, a motion was offered by George I. Cochran, seconded by William G. Wilson, and unanimously carried, that he be requested to prepare a suitable resolution in accord with the substance of his remarks, to voice the appreciation of the World's Insurance Congress of the invaluable service of Mr. Hathaway.

[*The resolution drafted by Mr. Vorys will be found on page 430.*]

Mr. Hathaway very briefly and gratefully acknowledged the tribute paid him by the members of the National Council, after which the meeting adjourned.

End of the Sixth Day's Proceedings

MONDAY, OCTOBER 11TH, 1915

WORLD'S INSURANCE CONGRESS PEACE DAY

Insurance in its relationship to world peace was the theme of those who spoke on Monday, October 11th, 1915—the seventh day of the World's Insurance Congress, and the first of the four special days celebrated within the Exposition Grounds.

Many of the peace advocates of the country, under the leadership of Dr. Jordan, had seen the great possibilities of international insurance as an instrument for future harmony between nations, and availed themselves of this opportunity to place the cause of peace before the insurance influences of the country through the medium of the World's Insurance Congress.

Two of the papers presented on this day, combined with the remarks of the Chairman of the morning session, Mr. Rolla V. Watt, Manager of the Royal and Queen Insurance Companies, so well succeeded in the general effort of the occasion that to reproduce more would be superfluous.

Professor Josiah Royce, of Harvard University, a member of the Peace Committee of the World's Insurance Congress, while unable to be present in San Francisco personally, presented to the Chairman of the day a paper expressive of his views upon the subject of International Insurance.

Dr. David Starr Jordan, Chairman of the Peace Committee of the World's Insurance Congress, who also served as Chairman of the afternoon session of this day, delivered an address upon "War, Business and Insurance."

[*The addresses of Mr. Watt, Professor Royce and Dr. Jordan will be found on pages 343, 344, and 350, respectively.*]

End of the Seventh Day's Proceedings.

TUESDAY, OCTOBER 12TH, 1915

LIFE CONSERVATION DAY

OPENING ADDRESS: PRESENTATION OF MEDAL TO LIFE EXTENSION
INSTITUTE BY W. L. HATHAWAY, COMMISSIONER, WORLD'S
INSURANCE CONGRESS EVENTS

"Ladies and Gentlemen: Before introducing the Chairman of the day, I will make a brief explanation of the significance of the parade and the other elements that will enter into this day's ceremonies.

"Life, the most precious thing to the human race, and to each of us individually, is perhaps given the least consideration in its conservation and care. A strange thing that it should be so, but it is. As individuals, and as a nation, we do not take that care of ourselves which we ought to; but now, with many of the big forces that are being called into being throughout this nation, that is coming to be no longer true. Few of us fully realize the extent to which great national forces are working for the conservation and constant lengthening of the human life.

"The gentleman who will act as Chairman here to-day, whom I will shortly introduce, is perhaps the national authority upon that subject, being at the head of a great national organization with many men of national reputation on his Board of Directors, and in the direct support of his institution.

"Before introducing this gentleman, who can tell you more about that subject than I can, I wish to say a few words regarding an element of this parade that I feel we, as citizens of San Francisco, should on this day give deep consideration to, and that is the United States Army and Navy, and our police force, that entered into this parade. We too seldom realize that, after all, their great mission is that of conservation and care of human life. It is too much of a popular thing for us to believe that the United States Army is a destructive element, but to thoughtful people I am confident the realization will come home that their greatest work is that of conservation. In the case of San Francisco, there is no place on earth that can realize it more fully than here. After our great disaster, where would our lives and property have been in the hours and days that followed that occasion if it had not been for the United States Army and Navy and our police?

"And in other great events, as, for instance, when the United States undertook to clean up the unsanitary conditions at Havana and other Cuban cities, to whom did they look! To the United States Army. And when Galveston was left a pest-hole after its great disaster, it was the United States Army that took charge and put it back on a livable basis. It was the same in the Philippine Islands; and perhaps one of the greatest triumphs of the age

in science, in carrying out the purification of the Canal Zone, it has been the United States Army that has entered into and completed the work.

"And, Ladies and Gentlemen, I hope that to-day will start at least a small measure of appreciation that will grow into a full understanding on our behalf that, whenever we see the uniform of the United States Army or Navy, we will look upon it as our protection, not only in time of war, but in time of peace, because it is contributing to our comfort and happiness and the possibilities of our living under the right conditions every hour of the day, and perhaps to a greater extent than any other force that enters into our entire scheme of life.

"We have here a gentleman who will act as General Chairman of this gathering to-day. He is at the head of an institution that is rapidly becoming national in its scope and already is conferring benefits upon the human race in the way of life conservation work that is probably very little understood by many of us—Mr. E. E. Rittenhouse, President of The Life Extension Institute, Incorporated, from New York, who is here to-day the honored guest of this occasion, and will act as General Chairman. But before giving you the floor, Mr. Rittenhouse, I want, on behalf of the President and Directors of this Exposition, to present to you this medal, to commemorate this occasion, that you may take it back to your institution as a lasting memory, we hope, of the honors we have endeavored to confer upon you and the useful institution of which you are the head."

[The address of Mr. Rittenhouse will be found on page 361.]

PRESENTATION OF EXPOSITION SCROLL TO ALVIN E. POPE BY WILLARD
DONE, MEMBER, EXECUTIVE COMMITTEE, WORLD'S INSURANCE
CONGRESS

"Mr. Chairman, Ladies and Gentlemen: The officers of this great Exposition wisely established a Department of Education and Social Economy, and this Department, under the efficient direction of its head, has done splendid service in economic and educational lines; has brought together the elements which contribute to education and social economy, organized those forces, and made them potent means of advancing the two elements which enter into the work of his department.

"So well has he done this work that the Exposition officials have deemed it fitting to give him official recognition on this occasion. It is appropriate that this recognition should be given on this day, when the greatest element of social economy, and one of the greatest elements of education, is receiving recognition—the conservation of human life.

"The honor has been conferred upon me to represent President Moore and the Board of Directors of this Exposition in extending to the head of this Department of Education and Social Economy

official recognition to-day. To Alvin E. Pope, the head of this Department, it is my pleasure to present this certificate of the appreciation and esteem in which he is held by the Exposition officials, and I echo it personally as well.

"I am taking the liberty of introducing Mr. R. W. Osborn, President of the Board of Fire Underwriters of the Pacific, who has a few words to say."

PRESENTATION OF LOVING CUP TO ALVIN E. POPE BY R. W. OSBORN

"Ladies and Gentlemen: As an apostrophe to that which has just preceded, we would feel remiss if on this occasion we did not express our gratitude to the Chief of the particular department presiding over the educational features of this Fair. Underwriting in all of its phases has groped for many years for recognition in the great economic work of the world. We have felt that as time has gone on it has been too little recognized as one of the great economic factors in the education of the people, the conservation of life, and too little consideration has been given to the protective cloak which it spreads over life and property.

"That being in view, we desire to exemplify the feeling we have for Mr. Pope on this particular occasion, because it was to him we have looked and must look for such recognition in this Exposition, and most especially in regard to our exhibits in the educational department of the Fair.

"Not until some few years ago was underwriting in its various phases recognized as a proper part of the curricula of our colleges. Yale instituted it with a series of lectures upon that subject, and more recently the University of California did likewise, in which addresses were made by those who formed a part of that great business and institution.

"It is a long stretch from the time when Plato commenced to discover, or rather talk about, Social Economy, up to the present time; but as Buddha has said: 'Life is as transitory as the sound of the lyre' and we realize that in our profession perhaps more than anywhere else. Therefore, in the culmination of that ambition, the bringing together, the power to exhibit as a national institution of conservation in this Congress the great interests of underwriting, we feel indebted to Mr. Pope for having fully endorsed the idea and made its fruition possible. It is therefore my pleasure, on behalf of the underwriting interests—life, fire, marine, casualty, and all interest, to present to Mr. Pope this loving cup. Mr. Pope, we desire that you accept this on behalf of the underwriters, and that you will receive it as an expression of the sentiments that I have uttered only too poorly."

ACCEPTANCE OF SCROLL AND CUP BY ALVIN E. POPE

"Ladies and Gentlemen: I don't know what to say. This is certainly a surprise. The first part on the program was not a

surprise, because the Exposition always presents the head of every department with a memorial, but to be presented with a loving cup by exhibitors in the Department is something I did not expect on this occasion, and I appreciate it beyond any words I could express now, and I will reserve my talk of appreciation until the close of this program, so as not to interfere with the general program of the day."

SPECIAL CHAIRMAN INTRODUCING DR. FREDERICK L. HOFFMAN

"We will now proceed with the program, which includes three or four brief but interesting and instructive addresses from men prominent in their especial fields. The gentleman who will now address you is of international renown in the insurance and educational world. In addition to being an authority on the science of insurance, he has been for many years a close student of what we may call human welfare work, and he is the personal representative on this occasion of the distinguished President of the Company which he represents. I have pleasure in presenting Dr. Frederick L. Hoffman, Statistician of the Prudential Insurance Company of America, who will address you on the subject of insurance and life conservation."

[The address of Dr. Hoffman will be found on page 365.]

SPECIAL CHAIRMAN INTRODUCING DR. C. C. PIERCE

"Before introducing the next speaker, I would like to say one word. So far as I am informed, this is the first time in the history of great, world-wide movements to conserve human life, that the Army and Navy and the police force of our country have been represented in such demonstrations. I personally belong to that class of Americans who believe that the Army and Navy are real life savers as well as liberty savers, and on behalf of this meeting and as one of the representatives of the health conservation movement, I want to convey my personal thanks to Col. Foote, Commander of the troops, and to the Commander of the Naval escort, and if he is not here, I will suggest that the Commissioner write the Admiral a letter of thanks. And this also goes to your superior officers, Col. Foote, and I wish you would convey to them our sincere appreciation. We also are under great obligations to those who took part in this parade and helped to make it a success; and, I may add, to Dr. Hoffman and other speakers, some of whom have come a great distance to assist in this program.

"The fame of the American Public Health Service is world wide. Its extraordinary achievements, at home and in the tropics, are a source of pride to every citizen under our Government. No health organizations in the world have rendered such valuable and permanent aids to humanity as ours. The next speaker represents this service. He has served with marked ability in the United

States and in the Insular possessions, and is the official representative on this occasion of Dr. Rupert Blue, Surgeon General of the United States Public Health Service. I take great pleasure in introducing Dr. C. C. Pierce, Senior Surgeon with the United States Public Health Service."

[The address of Dr. Pierce will be found on page 386.]

SPECIAL CHAIRMAN INTRODUCING ALVIN E. POPE

"We have two more very brief and very interesting addresses. We have been told that this is the first Exposition to recognize insurance as a factor in social economy. It is, therefore, very desirable that we should hear from the gentleman who has had command of that department of the Exposition. I have the honor of introducing Alvin E. Pope, Chief of the Department of Education and Social Economy of this Exposition.

[The address of Mr. Pope will be found on page 394.]

SPECIAL CHAIRMAN INTRODUCING DR. HARRY M. SHERMAN

"Physicians are not only leading individually in the work of health conservation, but the medical societies have commenced to assist in spreading knowledge of healthful living and to stimulate interest in that cause. We have already heard from the National Public Health Service. It is now our pleasure to listen to a distinguished representative of the family physician and the medical profession generally. We are honored in having on our program Dr. Harry M. Sherman, President of the California Association for the Study and Prevention of Tuberculosis."

[The address of Dr. Sherman will be found on page 396.]

SPECIAL CHAIRMAN CLOSING CEREMONIES

"This, Ladies and Gentlemen, concludes the program for the day. We thank you for your coming, and for your attention."

[The address of MILES M. DAWSON, consulting actuary, on Life Conservation and Social Economy, which was scheduled for this session, was not read. It will be found on page 402.]

End of Eighth Day's Proceedings.

WEDNESDAY, OCTOBER 13TH, 1915

FIRE ELIMINATION DAY

OPENING ADDRESS BY WILLARD DONE

"Ladies and Gentlemen: The gathering which I see before me, assembled here for the purpose of taking part in exercises in con-

nection with one of our great conservation movements—the saving of life and property from the ravages of fire, is a very inspiring sight, and I trust indicative of the interest being taken in this great movement by fire insurance men and by the general public.

“I have been requested to act as Chairman of this meeting, and, therefore, without further ceremony will introduce the representative of President Charles C. Moore and the Board of Directors of this Exposition, in the person of W. L. Hathaway.”

ADDRESS AND PRESENTATION OF MEDAL TO NATIONAL FIRE PROTECTION ASSOCIATION BY W. L. HATHAWAY

“Ladies and Gentlemen: Honored Guests: It is given to very few, comparatively, to become known nationally for any useful purpose that they have contributed to the betterment of the human race; but to be a national figure in a work as important as that of fire prevention, to be at the head of a great national organization whose activities are devoted to lessening what is termed, and rightly so, the greatest national waste (it is put, I believe, in the minds of economists as the greatest waste of this nation—the greatest waste as compared with the same wastes that are going on in other leading countries of the world) is an exceptional honor. There is an association in this country devoted to fire prevention which has, according to statistical facts that have come before me, the greatest opportunity for future good to the people of this nation of perhaps any activity in which any body of men is engaged; and the gentleman who is here to-day as the representative of that great national organization has become truly a national figure. He is known for the work that he individually has performed and for the lessons that he has been instrumental in teaching the American public as to the ways that they can better conserve and prevent this great national waste. So without much preliminary, Ladies and Gentlemen, I am going to introduce to you the gentleman who heads that great national movement, and who, as the representative of the President of this Exposition, I am proud to welcome here to our City, and to present to him on behalf of this Exposition this medal, for him to take back to his association in memory of this occasion, and as a small expression of the esteem that this Exposition has for both himself personally and the great association which he represents and the work it is performing. Ladies and gentlemen, I will introduce to you Mr. Franklin H. Wentworth, the head of the National Fire Protection Association; and Mr. Wentworth, on behalf of the President and Directors of this Exposition, I present to you this memorial of this occasion.”

ACCEPTANCE OF MEDAL AND ADDRESS BY FRANKLIN H. WENTWORTH

“Mr. President, Ladies and Gentlemen: I am exceedingly appreciative of his honor, and it will give me sincere pleasure on my

return to Boston to present to the executives and officers of the National Fire Protection Association this testimonial of the appreciation of the Exposition authorities for the work which the National Fire Protection Association has done in the twenty years of its life.

"Now, nothing would please me better than to speak at some length on the subject of fire prevention and protection, but we have an objective program arranged for to-day, and so I will defer that opportunity for speaking to some later chance in San Francisco.

"On the Marina has been built a two story building. The lower part of that building represents a grocery store, the upper part represents a dwelling place. At three o'clock—fifteen minutes from now—this two story house will be set on fire. A still alarm will be given to the salvage corps. Many of you Ladies and Gentlemen perhaps do not understand what the salvage corps is; but it is a corps of men maintained by the insurance companies which goes to every fire and covers the perishable stock with tarpaulin or canvas to save great water damage. This salvage corps will respond to this still alarm, will come to the house and will cover the goods in the lower story. Then while the upper story is burning the alarm will be turned in and the fire department in the Exposition will respond and will, of course, turn the water on the fire and we hope extinguish it before the building is completely consumed. With the high reputation which the San Francisco Fire Department has for efficiency, I have almost no doubt that the fire will be extinguished.

"Then, at four o'clock, before the fire station on the Zone, there will be given an exhibition of life saving by the firemen of that station.

"I neglected to say that the fire boat will also respond to this alarm and you can observe it in action off the Marina. Then, at 8 o'clock to-night, the fire boat will again give a demonstration off the Marina, and the colored lights of the Exposition battery will play on the streams coming from the boat.

"There are just one or two other items on the program, and in order to adjourn on time I will now conclude my remarks by thanking you for coming here to-day and hoping that you will enjoy the spectacle which the gentlemen of the Fire Elimination Day Committee have prepared for you."

CHAIRMAN INTRODUCES W. L. HATHAWAY

"Mr. Hathaway will officiate in the presentation of another medal, and then we will adjourn promptly for the other exercises."

PRESENTATION OF MEDAL TO FIRE PATROL BY W. L. HATHAWAY

"Ladies and Gentlemen: There is a body outside of the official city organization—a body of men maintained by the insurance com-

panies—who do very effective work in a most unselfish way in the prevention of a great deal of fire waste. This body is known as the San Francisco Fire Patrol and is one more illustration of the great efforts made by insurance companies themselves to do more than merely act as the agents of indemnity; and it is our pleasure and honor to-day to present to them a similar recognition. I will ask Mr. Osborn to take to them the regards of this Exposition, and this medal, that they may keep it as a souvenir of such regard.”

ACCEPTANCE OF MEDAL FOR FIRE PATROL BY R. W. OSBORN

“Ladies and Gentlemen: As President of the Board of Fire Underwriters of the Pacific I have been asked to accept this medal for the Fire Patrol, and will do so very briefly. Quite apart from the question of conservation of life is that greater question—because it becomes more multitudinous—the conservation of property. The Fire Patrol of San Francisco is an unique organization, and one with which many of you are not at all familiar. It is supported wholly by the fire insurance companies. Its prime object is to prevent, as far as possible, the useless destruction of property by water damage.

“The organization known as the Fire Patrol has a wonderful mechanism, a wonderful organization, and has to its credit the preservation of more property than any similar organization in the world. The Fire Patrol responds promptly to every call of fire within the business district of the city, and that Patrol reaches the fire quite often before the Fire Department itself and exerts its wonderful influence against further damage by stretching tarpaulin and canvas covers over exposed property. The Fire Patrol is one that will be exhibited to you in its operative work on the Marina this afternoon directly after this meeting, and I wish to second the invitation of Mr. Wentworth for you all to go over and witness the demonstration which he has explained.

“On behalf of the officers of that Patrol, and those in its administrative work, I wish to thank the officials of the Exposition for the opportunity extended to receive this medal, and I will place it before them, when I know they will greet it with a great deal of pleasure.”

CHAIRMAN CLOSING MEETING

“That completes the exercises of the day. The audience is requested to proceed to the Marina, where the exhibition will occur.”

End of the Ninth Day's Proceedings

THURSDAY, OCTOBER 14TH, 1915

"SAFETY FIRST:" ACCIDENT PREVENTION DAY

OPENING ADDRESS BY E. O. McCORMICK

"Ladies and Gentlemen: There is no one here to introduce me. My name is McCormick. I couldn't get any one to officiate here. It puts me in mind of Dreamland Park, where when you want to introduce a man you take him by the glove and say 'He challenges the world.' I am just taking you all by the left glove, because that is nearest the heart, and saying 'We challenge the world.' And now I am going to introduce the Honorable Willard Done, for the Exposition Board, who holds the medal."

ADDRESS AND PRESENTATION OF MEDAL TO WORKMEN'S COMPENSATION SERVICE BUREAU BY WILLARD DONE

"Mr. Chairman, Ladies and Gentlemen: I hold the medal temporarily, in which respect I am somewhat like the little Jewish boy that is told of in a story. The boy had been very faithful in the performance of his duties in his father's store, and one morning at opening time the father came and said 'Ikey, you have been a very good boy, and done the chores and run errands, and been just fine. Here is a dollar—a whole dollar—and you can keep that dollar all day, and you don't need to give it back to me until to-night.' So in that respect, I hold the medal."

"It affords me very great pleasure to be able to officiate in this humble capacity on the present occasion. It is only recently that insurance companies, and the general public, have come to a realization that there are certain calamities that cannot be properly indemnified. We may give a very poor substitute, but it is only a poor substitute. Human life and human limb are the priceless possessions which, once lost, cannot be substituted by anything, or replaced. We may give money to take the place, in part, of the wage earner who is taken away by death or maimed by accident, but that money which is given is only a poor substitute for that which modern society has come to recognize as the most important and valuable thing that the human race possesses, namely, life, limb and health. Therefore, it has come to be regarded as a paramount duty of society, of insurance companies, of corporations, of the employers of labor, to do everything in their power to prevent the calamity instead of waiting until it has occurred and then attempting to indemnify those who suffer by it. From this has arisen the great 'Safety First' movement for accident prevention, the great movement for life conservation, the great movement for fire elimination—all of which movements have had their special days here in connection with the World's Insurance Congress, the

last being given to-day in honor of accident prevention and Safety First.

"It is thought to be so much better—so much more human—to give to a man his life and limb, his safety, by keeping him away from preventable accidents, than to give to his widow if he is killed, or to him if he is maimed, a very poor indemnity in the way of money, and, therefore, it follows that the brains of the best men of this country are now being devoted to the idea of preventing accidents.

"Therefore, it is a fitting thing that one of the organizations of the country which has been the most active in this direction should be especially honored here to-day. I have a medal which is engraved in the name of this organization—the Workmen's Compensation Service Bureau. This Bureau has taken a nation-wide and world-wide interest in the prevention of accident—the Safety First movement. It has given special inducements to corporations and to employers of labor to install safety devices. Those inducements are in the way of reduced premium rates for protection. Therefore, it is very fitting that I should present to the official representative here to-day this medal, and to Mr. Charles H. Holland, who represents this organization, I have much pleasure in delivering it."

SPECIAL CHAIRMAN INTRODUCING CHARLES H. HOLLAND

"Mr. Holland, Ladies and Gentlemen, is the General Manager of the Royal Indemnity Company, and is from New York City. He is one of the organizers and most active members of the Workmen's Compensation Service Bureau, a central organization founded by the leading liability insurance companies of the United States for the collection of authentic statistical data pertaining to the cost of industrial accident insurance. The work of the Bureau has now broadened out into a comprehensive campaign for the prevention of industrial accidents.

"His position as General Manager of one of the largest general insurance companies in the United States, and as a member of the Workmen's Compensation Service Bureau, most aptly fits Mr. Holland to speak on the subject 'Safety Work of Insurance Companies.' Mr. Holland, in acknowledging the receipt of the medal, will at the same time speak on the subject of the safety work of the insurance companies. I have the honor to present Mr. Charles H. Holland, of New York, General Manager of the Royal Indemnity Company."

[The address of Mr. Holland will be found on page 410.]

SPECIAL CHAIRMAN INTRODUCING L. E. ABBOTT

"The next speaker is Mr. L. E. Abbott, General Claim Agent of the Oregon Short Line Railroad, of Salt Lake City. He will talk

of the safety work of railroads. Mr. Abbott, with one other man, policed the camps engaged in the construction of the Lucin cut-off of the Southern Pacific Company across the Great Salt Lake, in Utah, from the commencement of the construction work in 1902 until its completion in 1904. It was on this great engineering work that his interest in industrial accident prevention was aroused.

"After the completion of the Lucin cut-off Mr. Abbott associated himself with the Oregon Short Line Railroad Company in the capacity of claims adjuster, where he continued his accident prevention work in connection with his other duties, with such good results that in 1913 he was appointed Safety Commissioner of the Oregon Short Line Railroad Company, a position created for the purpose of educating both employees and the public in Safety First. Early in 1915 Mr. Abbott accepted the position as General Claim Agent of the Oregon Short Line.

"I know of no one man in the West who has done more for the Safety First movement. He is an authority on the subject 'The Safety Work of the Railroads.' "

[The address of Mr. Abbott will be found on page 414.]

SPECIAL CHAIRMAN INTRODUCING WILL J. FRENCH

"I have great pleasure in introducing the Director of the National Safety Council, a member of the California Industrial Accident Commission, Mr. Will J. French, of San Francisco. He was appointed to the California Industrial Accident Commission in 1911, and prior to that was prominently associated with organized labor in San Francisco. The choice of the Governor of California in appointing him to the Accident Commission was admirable in that Mr. French is intimately versed in the needs of the worker. He can speak on the subject of 'Industrial Safety' from the inside viewpoint, because he knows what he is talking about."

[The address of Mr. French will be found on page 420.]

SPECIAL CHAIRMAN INTRODUCING LIEUT. DUNCAN MATHESON

"The fourth and last speaker is Lieut. Duncan Matheson, whose subject is 'Street Safety,' in which we are all so vitally interested at the present time.

"Before he entered the Police Department he was a roadmaster on a railroad. His rise from a patrolman to a detective sergeant was rapid, and achieved through merit alone and a dogged determination to go ahead. He is considered by the Police Commissioner as one of the best officers in the Department.

"It was he who, in 1912, foresaw the growing need of an organization in the Police Department to take care of the street traffic. It was Lieut. Matheson who organized the first traffic squad, and it is through his persistent efforts that San Francisco's now

complete and efficient traffic squad was coached and drilled and finally sent out to take care of the great tide of vehicles and pedestrians that daily flood our business streets, and I think there is no more complete or efficient squad in this country. There isn't anything in connection with the movement of traffic in these crowded thoroughfares that he isn't entirely familiar with. I have great pleasure in introducing to you Lieut. Matheson."

[The address of Lieut. Matheson will be found on page 423.]

CHAIRMAN WILLARD DONE MAKING ANNOUNCEMENT

"I am requested to announce, Ladies and Gentlemen, that there will be a special demonstration on the Marina immediately following these exercises, and you are invited to go down and witness that demonstration of the Safety First movement in its practical application."

GENERAL CHAIRMAN CLOSING MEETING

"This will conclude our stay here, and if you can find the time to join us at the point mentioned we will be delighted to have you."

End of the Tenth Day's Proceedings

IV

ADDRESSES DELIVERED AT THE WORLD'S INSURANCE CONGRESS

OPENING ADDRESS OF THE GENERAL CHAIRMAN

ARTHUR I. VORYS

Chairman of the Committee on Insurance Law of the American
Bar Association

Ladies and Gentlemen: Great social movements usually are proclaimed, advocated and urged before they are established and accepted by the people. Insurance, once regarded as immoral, a gambling device, a hateful thing without public advantage, has now become established as an indispensable thread in the warp and woof of our social, commercial and industrial fabric. The effort now is to make the people realize they have it, to have them know it is there, to have them appreciate it and take care of it.

The purpose of this World's Insurance Congress is not to exploit any insurance company or any class of insurance companies. Neither is it to promote the business of Insurance. Its purpose is to proclaim, to emphasize and to bring home to the minds of all, the prevention, conservation and protection involved in the now essential fundamental institution of Insurance. Its purpose is to fasten this idea, deep and enduring, in the minds of those engaged in insurance and those directly and vitally affected by it.

Its purpose is to bring home to the minds of those engaged in the business of insurance that it is a social institution, and the purpose of this Congress is to instill that idea universally and everlastingly in the minds of all the people.

I am deeply sensible of the honor conferred upon me in being designated as Chairman of this Congress, but I am more deeply impressed with the important purpose of this Congress and the part that you and I must take in it in order that it may become the institution which those who have started it hoped that it may. There is no place on this program for an address by the Chairman, and I am not going to make a speech. I do feel, however, that I would not properly voice this feeling if I did not at the outset call attention to one particular matter.

The conception of such an organization as this occurred four or five years ago. The idea was to have this World's Exposition

recognize Insurance among the important arts and industries of the Exposition.

Those who promoted that idea were met by the untoward circumstances that we feared at the time would thwart their plans. They were indefatigable, however, and you and I and thousands and hundreds of thousands of others are deeply grateful to all those who doggedly pushed Insurance as one of the important institutions to be recognized by this World's Exposition.

There are many to whom we are indebted, but I feel that all voice this feeling when now at the outset in some way I express for you the deep gratitude and appreciation of all of you, and the hundreds of thousands of others, for the indefatigable efforts of William L. Hathaway, the Exposition Commissioner for the World's Insurance Congress Events. If the occasion were appropriate and we all had our glasses in our hands, I would first propose a toast to the President of the United States and second to Mr. Hathaway.

This place, this spot, right here in this great hall, in the City of San Francisco and the State of California, is the appropriate place for this Congress. California is a great state and has many important cities, but those of us who are spread across the country think of San Francisco as the one great important gateway of the Pacific; and there are many of us who thought at the time of that great disaster, when fire swept this great City, that your great gateway would never again open as it had before. However, it was due to the institution of Insurance in its various forms that rehabilitation of this beautiful—probably the most beautiful city in the country—was effected, so I say that this City, in this State of California, is the appropriate place for us to come.

ADDRESS OF WELCOME

By CHESTER H. ROWELL

Representing the Governor of California

Mr. Chairman, and Members of the World's Insurance Congress: I am sure that the Governor of California feels the regret that you feel and I feel that he must appear here to-day only by proxy, but for the last few weeks those of you who are Californians know that the Governor is occupied elsewhere, and is at this moment in Los Angeles, and it is a physical impossibility that he should be here in person to extend the greetings of the State.

I feel that the Governor of California would feel an especial regret at not being able to be present at this Congress, because its purpose is one which is exceptionally dear, not merely to his heart, but to the hearts of the whole people of California. You have dedicated this Congress to the conception of insurance as a

social service, and that is an ideal in which California aspires to take some leadership, and to go hand in hand with you in the public and private and semi-private partnerships of the various elements which must work together in this great work of social progress.

The time was, as your Chairman has said, when your business was regarded as a gamble. The time has come when your business is the chief thing that prevents life from being a gamble. Your business was once almost the only mitigation of an absolute, ruthless, individualism; and it was perhaps one of the strongest influences that has taught us that that ruthless individualism is no longer good, either for the individual or for society. The risks of life must be distributed, and the service of distributing those risks is a service not merely to the individual—thought that is his personal motive in taking out insurance—still more important, it is a service to society, and it is a service which is only in its barest beginnings.

You know we begin with the simplest and crudest things. We began in the criminal law with prohibitions against the simplest and crudest crimes, and we had simple and crude punishments for committing those crimes, and out of those simple beginnings, with simple crimes, has finally grown up the whole complex structure of the regulative law of civilized countries—regulating not merely crude crimes but subtle crimes, and then going on to regulate all sorts of things that are not criminal, until we have gone on to such an important thing as business—to realize that the great forces of business are so important and so vital, and may be forces for good and may be forces for evil, and, if let alone, are usually a mixture of both. And so the forces of business, and especially of your business, have come to be recognized as public forces to be directed for the public weal, and that means that not only is your business, as a business, becoming more complex, but the relations of your business to people, organized and unorganized, are becoming more and more complex, and we cannot see the end of it except to know that it is constantly, gradually expanding.

Sometimes in my dreams I look forward to a time when the world will be so organized that everybody will be insured against everything, and when that time comes it may be that some of the departments of your business, especially that department which is so to the fore in the life insurance business—the department of hypnotism and persuasion—will be less needed than now. But if so, the talents that are almost wastefully utilized, and must be wastefully utilized in converting us to our good, may be more economically utilized afterwards in the administration of that good which we will all recognize.

Your business, in its various branches, reminds us of the fact that human nature regards its property with great concern, and regards life and limb with very great carelessness, and those of you in fire insurance do not have to maintain anything like the

extensive departments of hypnotism that do those in the life and the accident insurance business, because everybody knows he must insure his property against fire, while everybody has to be persuaded with much magnetism to take out death insurance. I hope the time will come when you will all have death insurance, and that we will add to it birth insurance, which we have in part done, and then we will include between the two ends of life the insurance of all the vicissitudes, and after we have birth insurance and marriage insurance and health insurance and accident insurance and old age insurance, and finally death insurance (for that is what it is: you call it life insurance, with all your optimism, but it really is death insurance), then your business will have covered all of life, and it won't be very long until it completely includes all of those things.

It is a pleasure to welcome you here to California, and particularly here in this City, which is the monument of insurance.

Insurance can't produce anything. Insurance couldn't prevent this City from being destroyed; and insurance couldn't pay for rebuilding it. We never get anything that we don't pay for—but the fact that the cost of rebuilding this city could be distributed over many cities, and then re-distributed back upon ourselves over many years, made the difference between possibility and impossibility in reconstructing this City; and the fact that you come here into a city of beautiful buildings and people, instead of the least romantic and beautiful ruin that the world ever saw—that you did and for that difference, this City and this State will hold you in its remembrance forever.

ADDRESS OF WELCOME

BY ARTHUR H. BARENDT

Representing the Mayor of San Francisco

Mr. Chairman, Ladies and Gentlemen: To commence a speech with an apology is not a good beginning, but fortunately for me the Chairman has eased the way. You of San Francisco know as well as I do the reason for the Mayor's absence, and while we may regret his absence here to-day, as we all sincerely do, and no doubt you do, too, I feel sure that the fact that he is going to be our Mayor for four years more is a matter of such overwhelming gratification to us that we can excuse his not coming, and even excuse his sending me as his representative. I will settle that with him afterwards. I had the pleasure of going around with the Mayor during his recent campaign, and I know that he was thoroughly tired out at the end of it, and that the rest which he is now taking was very badly needed, and so I hope that you will pardon his absence to-day.

The Chairman of this meeting told you that our San Franciscan, Mr. Hathaway, was the gentleman who conceived the idea of this Insurance Congress at our International Exposition. It occurred to me when I heard that statement that an Exposition which is international in its character would not be complete if it did not include so vast an industry—an art, I think your Chairman called it also—as the business of insurance.

It would be folly for me to talk to you about insurance. It is a subject of which I know next to nothing, but if “by their works ye shall know them,” then I should be properly classed as a strong advocate of insurance, because I carry all the kinds of insurance that a man in my position can carry. I have life insurance and fire insurance and accident insurance and health insurance, and if I am ever so lucky as to own a Ford I will carry automobile insurance; and if I had enough property to make it worth while for thieves to enter my home, I would carry burglary insurance, for I certainly am a very strong believer in it, and I venture to say that the man of to-day who doesn't believe in insurance is a man very seriously in need of education, or if he be educated, then he is lacking in judgment. Mayor Rolph, himself, I know is a believer in insurance. Mayor Rolph was here at the time of the fire, which was referred to so eloquently by Mr. Rowell. I am sure we San Franciscans can't hear the mention of that great catastrophe without a thrill and a shudder. I went through it all, and whenever that date is mentioned, and the picture of this city glowing—one vast expanse of fiery plain, North and East and South and West—there comes to me a feeling of horror; but there also comes to me another memory—a pleasant recollection, a going down with the policies of many clients on many occasions and meeting with the adjusters, and then being able to go away back to my clients and say “Here you are; here are your checks.”

That was a great gratification to me, apart indeed from the mere fact of having adjusted the insurance. It was the feeling of having brought that relief to people who were so bitterly in need of it, which was only possible through insurance.

It is insurance which saved San Francisco, as has been so rightly said by Mr. Rowell, and although I hope and trust and pray that never again will such a calamity fall upon San Francisco, still we cannot help feeling glad when the members of this great institution come to this City to hold their great Congress.

This is a Congress of insurance men. I stated before that I carried insurance, and I am a very strong believer in it, and one of the duties which I take upon myself is to recommend to clients who haven't take out insurance that they do it. You don't know how long you are going to live—when your property is going to burn—and yourself and your wife and your children and society at large ought to be protected. You don't want yourself and yours to become dependent upon the community. The only safe way is to provide against such a calamity through insurance. All other

fortunes may disappear. You may be healthy to-day; to-morrow your health has taken wings. To-day you may have your home; to-morrow it may be in ashes. But if you provided life insurance you may close your eyes in peace and comfort, knowing that you have done to your family and society that duty which every man owes. If you have provided fire insurance, another home may be yours.

I think, Gentlemen of this Congress, that you are particularly fortunate in the time you have selected. This is our Indian Summer. This is the time of year of which we San Franciscans boast, as far as our weather is concerned. Now you get the most charming period of the whole year.

In the name of His Honor, the Mayor, therefore, I have the great pleasure, and I esteem it a great honor, to welcome you to this, our resuscitated City by the Golden Gate, rebuilt, thanks to the insurance men.

RESPONSE TO WELCOME

By DARWIN P. KINGSLEY

President, New York Life Insurance Company

Mr. Chairman, Ladies and Gentlemen: Insurance is ordinarily regarded as a device by which life, property and business are protected against the vicissitudes of time and circumstance. It is much more than that. It is a destroyer of prejudice and the enemy of a very dangerous kind of ignorance. It appeals to the mass feeling, to those impulses which foreshadow the ultimate achievement of human solidarity. In its offices and on its streets the people of all lands and of all races meet and mingle daily. It is a world exposition whose doors never close.

Thus welcomed to this City of Dreams, to this epitome of all that was best in our recent civilization, insurance naturally feels itself no stranger and indeed flatters itself that whatever pertinence the formulas of welcome may or may not have on some occasions, the proprieties were not transgressed nor the truth surpassed in the fervent and eloquent speeches of welcome just delivered on behalf of His Honor the Mayor and His Excellency the Governor.

A world exposition should reflect world conditions; it pre-supposes worldwide intercourse; worldwide understanding, and some considerable degree of worldwide sympathy and faith.

Tested by this rule, the Panama-Pacific International Exposition seems not a real thing but a resurrection of an earlier and better age. It stands out like a half-submerged mountain peak marking the spot where a noble continent once was. It tells us that

even in our day men did laugh together, and did love each other and did have faith.

This Exposition, therefore, is more than an exposition. It does not reflect the condition and present purposes of the world. If it did, it would emphasize the possibility, aye, the probability, that we may not for generations have a civilization equal to that of August 1, 1914. This Capital of the arts, the learning, and the achievement of the world does not remotely suggest such reflections. It suggests living beauty, and international understanding and international peace. We, alas! know that its suggestion is little better than a mockery, because these splendid pillars, these soaring arches stand in the forum of the world not unlike those pathetic pillars of the temple of Castor and Pollux in the Roman Forum, eloquent of the power and beauty of a dead civilization.

Against the methods which resulted in the existing European horror insurance has always been a warning and a protest and has always suggested a remedy. It has been a warning and a protest because it has taught the insufficiency of the unit of anything—whether that unit be a man or a business or a nation. It has suggested a remedy not only because of the billions which it has distributed (and is distributing now) in alleviating the tragedies of life, but because it has taught and practiced the doctrine of coöperation, in which lies the greater portion of any existing and reasonable hope that our civilization may not after all be utterly overwhelmed.

In the struggle for existence insurance is a device by which present strength unites to protect society against the weakness that lurks everywhere.

Insurance is a perpetual warning that nationality as a basis for civilization is insufficient. Civilization has broken down because its units—the nations—could severally no more carry their individual risk than a man can carry the risk of his own mortality. If each great nation had a world completely to itself, the problem might be different. But our problem is gravely complex. Here are eight great powers and several times that number of lesser sovereignties, each struggling and developing on the theory that they severally are substantially alone in the world. They recognize the existence of other powers through contracts called treaties. The morality of these treaties is historically shown to be little better than the "honor" which exists amongst bullies and thieves. They are necessarily interpreted by their makers and not by an impartial court, because there is no such court, and can be none under the existing doctrine of sovereignty.

The nations, therefore, have lived internationally in an order where the hazard was greater than the normal hazards of life and business. It could hardly be called a hazard at all; it was a certainty. This world struggle was inevitable, unless radical reorganization of international relations were agreed to, unless some plan of international insurance could be established. Little,

however, was done. The god of unconditioned sovereignty was everywhere worshipped. Nationality impinged upon nationality. The world grew smaller. The international impact grew heavier. Germans saw the significance of the doctrine of sovereignty in the time of the Great Frederick. They began to get ready. The other European nations did not see the true significance of the situation and prepared only half-hearted for a struggle upon which they never really expected to enter.

No nation took the lead in a movement to insure the perpetuity of all through assured peace for all. Germany, logically following the doctrine of sovereignty, deliberately prepared to impose her civilization on the entire world. The other nations built up the elaborate fabric of their peaceful purposes without adequate preparations to defend that structure by force on the one hand or a program of world coöperation to preserve it on the other.

Germany aimed to insure herself by her might which spelled world dominion and could mean nothing else. The other nations denied any ambition for world dominion and at the same time utterly neglected to protect their integrity through coöperation. The so-called Allies have neither lived up to the logic of unconditioned sovereignty nor prepared the world for its opposite through international insurance.

The Government at Washington, whatever else it is, is a great insurance company whose chief function is to guarantee the peace and integrity of the States. It follows precisely the principles which underlie all sound insurance. Why do California and New York exist as commonwealths to-day? Would they probably exist but for the Federal Union? Have they lost any dignity or power or happiness because they have duly subscribed to the great insurance compact of 1789? Would the nations fare differently if a like compact were made under the Federation of the World?

When some one remarks that we must travel a long way forward before we reach such a federation, it becomes pertinent to reply that we have traveled a long way backward within fourteen months, and at infinite cost. If the constructive forces of the world, as they existed on August 1, 1914, could have been brought into coöperation, if the bigotry that skulks behind what we call patriotism could have been exercised, if human rights and not national sovereignty could have been made the supreme purpose of civil society, the distance which then separated us from a condition of international civilization and world peace, real peace, lasting peace, would have been shorter than that already measured in the existing plunge toward chaos. The world was so led that it stupidly, stupidly chose to plunge towards chaos.

The man who doesn't insure his life and his property and his business we rate as stupid. Sovereignty is to every citizen a menace as real as that of the vicissitudes of life, an enemy as certain and cruel in its average action as human mortality. Yet self-governing men, men who otherwise think and look facts in the

face, make little or no provision against its operation. In seeking for a word which describes the condition of mind of the average citizenship of the world in its attitude toward sovereignty, that word "stupid" fits better than any word I know.

For the common man to allow his governments to force him to kill and be killed for no sufficient reason is stupid; for him to become obsessed with the idea that the peoples of other nations want to wrong him is stupid; for him to believe that it is his duty to slay his fellows and destroy their property is stupid; for him to raise up sons at infinite pain and at heavy cost to have those sons fed to cannon is stupid; for him not to see through its designs or unconscious errors of politicians and rulers is stupid; for him to have followed leaders so wicked or so blind that they have led him to a shambles was stupid. It was stupid—because there is nothing about this war that suggests Thermopylae or Tours or Lexington or Gettysburg, where resistance was righteously made to tyranny or error. This war is the logical resultant of forces that were perfectly open in their operation and perfectly certain in their issue. The statesmen of the world could not or did not rise above the provincialism of nationality. Remorselessly or blindly or stupidly—some will say deliberately—they drove the great machines of modern civilization into each other, head on.

We have on our Northern border all the elements of a similar collision. Four thousand miles of frontier separate us from Canada. Along that entire front there has been no fort and on the great inland seas which lie between no ship of war, for well nigh a century. There is nowhere in the world a more splendid people than these Canadian neighbors. For us and them to drift along in a sort of a fool's paradise with no strong and definite arrangement which will insure them and their sons and us and our sons against the insanity of war is stupid. We have been lucky for a hundred years because nothing has disturbed our dreaming, but we are infinitely stupid, not that we realize the brutal possibilities of present day civilization, in continuing conditions fraught with such hideous consequences. It would be as savage and as monstrous for us to fight with Canada as it would be for California to fight with Oregon. There is no natural reason why we should—and yet, who shall say what may happen while they assert that our rights as nations are paramount to our several rights as individuals, as human beings?

Consideration of our relations with Canada brings us squarely up against the question of our own condition in our relations to international problems.

There are two types of international peace insurance, one already established, the other to be established:

First: Peace insurance based on might—expressed generally in a great standing army and a powerful navy.

Second: Peace insurance based on a League or Federation, to

which the nations shall have delegated such authority as will enable it to enforce peace internationally.

The first type of insurance may be called the European plan, adopted practically by all the great trans-Atlantic powers, and at least one of the trans-Pacific powers, and most perfectly exemplified by Germany. What sort of peace that plan produces Europe now teaches us. What the system ultimately leads to Shakespeare expresses through Ulysses in "Troilus and Cressida," when he says:

"Then everything includes itself in power,
Power into will, will into appetite;
And appetite, an universal wolf,
So doubly seconded with will and power,
Must make, perforce, an universal prey,
And, last, eat up himself."

The second type of insurance may be called the American plan and is exemplified in the Federation formed by the Thirteen Colonies in 1789. What sort of peace insurance the American plan produces the status of the States under the Federal Union shows. What it shall lead to depends largely upon what we do in the near future.

We are now at the parting of the ways. We are living by the American plan; as a people we are acting as we would act if the Federation of the World were already an accomplished fact. As a government, on the other hand, we are acting on the European plan, asserting our rights under so-called international law, and threatening to establish those rights by force. We may now and then establish our rights internationally by what appears to be sheer moral force; but the man is blind who does not see that in a direct issue, when nations believe their existence is imperilled, the only law is still the law of might.

Believing, on the other hand, that the time has come for the world to abandon the European plan, and believing that in our own Federal Government we have a model for the government of the world, we have taken no very serious steps to establish an adequate League or Federation of the Nations, without which, governmentally, we are as much ahead of our age as Roger Williams was ahead of his age, and incidentally perhaps we are inviting the same fate. We, therefore, even more than the nations opposing Germany, have neither lived up to the doctrine of sovereignty nor to the doctrine of human brotherhood.

You have welcomed us to an Exposition which reflects the civilization of the twentieth century at its zenith—possibly it reflects civilization at the highest point it ever reached—if we consider its relation to the forces of nature and its triumph over some of the mysteries which she has until recently so sedulously and so successfully kept from us. But the tragedy of it! You

show us these wonders wrought out for the comfort and happiness of mankind, and behold! the wonders have become monsters, because these master achievements have been perverted into implements of wholesale murder. Something was lacking in the plan. What was it?

The world plan which this Exposition represents lacked the principle for which this Congress stands. The Exposition represents efficiently without conscience, progress without order, power without responsibility. It represents the work of men far advanced into the unknown who have since become confused and instead of fighting a common enemy have fallen upon each other. They advanced so eagerly that they lost touch, they lost sympathy—they did not see the whole problem.

Insurance, on the other hand, represents an intelligent appreciation of the whole problem. Its members do not become confused and fight each other; they help each other. In its efficiency there is the conscience of just dealing, which, outside the New England conscience, is perhaps the best of all consciences. In its progress there is the strength of an elbow touch so wide that disorder cannot break in; its power lies in regulation and order and responsibility and international democracy.

This Exposition represents the doctrine of sovereignty. This Congress represents the doctrine of democracy.

In our adherence as a people to the doctrine of sovereignty, we are not only blind but inconsistent and very nearly unfaithful to our own political creed. In 1776 our fathers signed a declaration of principles as well as a declaration of rights and of independence. They declared their adherence to the self-evident truth that all men—not citizens of the United States alone, but all men—are created equal, and that they are endowed by their Creator with certain inalienable rights, amongst which are the pursuit of life, liberty and happiness. That all men are created equal is not, of course, wholly true; but, in so far as it is sound and in so far as it is unsound, it is equally sound and unsound everywhere. Its error does not follow national lines. In international relations we, with all other republics, constantly forget that men are men whatever their country, that the *demos* is the *demos* whatever its nationality.

A democracy which is democratic within its own geographic limits only and treats all other peoples claiming other allegiance as beyond the pale, is provincial and selfish and has missed the real meaning of the doctrine which Jefferson penned and the fathers signed.

There are some twenty-four republics in the world. Most of them are truly democratic internally. All of them are arbitrary, autocratic and undemocratic in their relations with one another. Under the doctrine of unconditioned sovereignty democracy dies at the frontier of every republic.

The only true business democracies in the world to-day, democ-

racies which do not change their principles at any geographic frontier and have themselves no frontiers, are the great insurance corporations whose membership is worldwide and so soundly and so democratically related that no dynastic ambition, no claim of sovereignty, can at all change their beneficent purpose or materially modify their humane achievements.

This is the doctrine that will be preached and preached and preached in the several sessions of this Congress. Never more than now has the world needed to heed its truth. Because its precepts have not been followed, governments are tottering, millions of men have already died, millions of women have been crucified, billions of dollars have been squandered. Civilization based on the doctrine of sovereignty has failed. It is time to adopt a new program. The old program is damned to all eternity. That new program must rest in what Burns had in his mind when he wrote:

"A man's a man for a' that."

The thing of supreme value in this world is human life—not because it is stamped American or English or Russian or French, but because it is in itself the sum of all values, without which no other thing has any value. Nationality is the expression of a fugitive condition; in sociology it is what Burns also had in mind when he said:

"The rank is but the guinea stamp."

Insurance may be primarily a device for the protection of life, property and business; but it deals with and is faithful to the principles of race solidarity, and thereby has become a practical and powerful leader amongst the forces which seek the ultimate realization of the prayer and prophecy which closes Burns' immortal declaration of the rights of humanity:

"Then let us pray that come it may,
And come it will for a' that,
That man to man the world o'er,
Shall brothers be for a' that."

WORLD'S INSURANCE CONGRESS MOVEMENT

Why the Panama-Pacific International Exposition Has Given Prominent Recognition to Insurance, and What It Hopes the Congress Will Accomplish.

BY CHARLES C. MOORE

President of the Panama-Pacific International Exposition

Mr. Chairman, Ladies and Gentlemen: I almost wish my turn was to come later, for I have scarcely emerged from the spell of Mr. Kingley's wonderfully eloquent words, and the deep

thoughts that he has inspired. I feel that every man connected with this Congress, and especially with insurance, should have a sense of gratification that a plan and idea so complete and comprehensive, showing possibilities of world insurance, should be presented by one of your own. It is an inspiring thing to me, as it must be to you all.

As the Chairman suggested in his opening remarks, this Congress was convened to enable insurance men to learn things that they didn't know. Frankly, I have never had it put that way before. I supposed when the insurance men presented to me, representing the Exposition, the possibilities of this Congress, it was to educate the public, but the conviction has been growing for some time in me that in the insurance ranks there was an ignorance (don't be offended, Gentlemen) dense and profound, of what should be the Spiritual lights that call you. I have felt for days, weeks past, that insurance men didn't grasp as I felt they should that side of their business—profession—that is a direct appeal to all that love their fellow-men. I have felt that you have wasted some of your pearls—pearls that might have meant much to yourselves and to humanity, and therefore it is inspiring to me for such words to come from Mr. Kingley's lips: for, good friends, in the remarks that I will now make it may be that I have idealized insurance.

I am a recent convert to the world-purpose; the national scope of its activities. I have not known the grosser side: I have not felt the irritation and the annoyance, the sting of competition. I have been basking for months in a glow of possibility—an appreciation of what insurance can do—will do—when the world understands; and therefore please interpret my remarks with the understanding that I am only a plain business man that recently has seen what he thinks is the light, and desires to share that light with all his fellow-men.

I have been asked to state, first, why the Exposition has given such prominent recognition to Insurance; and, second, what it hopes the Congress will accomplish. Rather elementary questions it must seem to you gentlemen of the profession, for you know that Insurance does deserve such recognition; but with my associates I have but recently learned that such recognition was deserved, and am convinced that the unthinking public have but little understanding of what Insurance stands for, its might, its greatness, its goodness, and its vast potential influence on human welfare. When, therefore, we became converted, with the proverbial zeal of converts, it was our desire to enable the greatest possible number of our fellow-men to see as we had seen, to realize and to understand. That is our answer to the first question, and the answer to the second goes with the first—our earnest desire that the light may shine and that the Exposition may aid in the propaganda of education to the advantage of Insurance, of the individual, and of the Nation.

This is the first World's Insurance Congress. There is novelty in the name, hope in the thought, progress in the sentiment. The Exposition is a debtor to the men and the interests here represented who have made it possible to write such a brilliant page in the history of the Exposition, and yet it is exceedingly appropriate that the World's Insurance Congress should have been held here and now. The Congress is in keeping with the tenets and purposes of the Exposition, to educate, educate, everlastingly educate and elevate the level of popular understanding and appreciation of Art, Architecture, Music, Color, Lighting, and of the products of hand and brain of all countries; to show the progress and advancement of the race and the finer and nobler things of life.

In truth, an Universal Exposition should be, and is, a university, and in the popular courses in such institutions what could be more appropriate and beneficial than to have included opportunity to present to the public mind in a graphic, convincing way, this mighty force, this great instrument for human welfare, this agency for good—great in past performances, greater in future promise—Insurance in its variety.

Insurance is an old business, but it is more than a business. It is a benefaction, and logically its followers are benefactors. He is not always recognized and accepted as such, but in his conscience every insurance man knows that security and personal blessings go with his proper business acts—to guarantee the strong, safeguard the weak, protect the dependent, improve the public health, promote longevity, secure better laws, encourage the thrifty, stimulate the qualities of attention to family needs, present and future, promote economy, proper saving, and a sense of responsibility of one's self and to others—verily—the Ten Commandments of social economy.

Insurance is the religion of social service, and its followers are members of a great religious procession, varying in function and in importance from the agent in the field, the acolyte, through the various orders to the eminent Cardinals, the heads of the great corporations, but all contributing in some way to increase the sum total of human progress, dedicated to the protection of health, life and property.

A glance at the program of the Congress offers further evidence, if any is needed, of the extent and the variety of insurance activity. I am proud to-day to greet you here as component parts of a great profession. You are all in the same Church, if not in the same pew. It would seem to me, therefore, unnecessary for me to make particular allusion to the various branches of insurance, which will be so ably presented by their exponents; but I do want to offer a little testimony of my personal gratification that I have been permitted to gain a knowledge and partial understanding of what Insurance in its broadest sense means. If the

Exposition has brought me nothing more, I shall feel that it is compensation for efforts of mine.

What I have said here comes from one who is not an insurance man at all, except for a little stock in a local company and a policyholder in all forms of insurance, and it is possible some cannot follow my enthusiastic endorsement of this Insurance Congress and its effect, but the words come from my heart, and certainly from now on I desire to be enrolled as a friend of Insurance, aiding in giving it protection from hostile and unfair legislation, and assisting the earnest, good men in the properly conducted companies in establishing themselves in the position in the world's confidence and affection where they properly belong.

In the trend of modern days toward better methods and better men, you gentlemen of the insurance world are, I feel, to be congratulated that you are in a business embodying high ideals with material substance. Fortunate are you that in doing good for yourselves you can accomplish good for others and aid in elevating the standard of health and life and protection of property. Truly, yours may be called, I feel, a blessed business.

Before concluding my remarks, a word of appreciation from the Exposition should go to those splendid men, by the score, more properly by the hundred, who have contributed so much to make this World's Insurance Congress possible. The local committee has been indefatigable in its efforts, and I will mention no names in this connection, with one exception. I would do injustice to the Exposition and to the insurance world if I failed to here pay tribute to the breadth of vision, unselfish devotion, loyalty and enthusiasm to the cause, of Insurance Commissioner W. L. Hathaway. He conceived the idea, and convinced us all of the great possibilities of this work; and with mind, hand and purse has supported, at times almost carried the splendid enterprise. His satisfaction of conscience must be his greatest reward, but I know that you will agree with me that these few words inadequately express the sentiments we all hold toward his splendid direction of this great work.

SERVICE PERFORMED BY INSURANCE

BY HON. J. N. GILLET

Ex-Governor of California, Who Held Office during the
Reconstruction Period of San Francisco

Mr. Chairman, Ladies and Gentlemen: It is very fitting that the first Insurance Congress should be held here in San Francisco. This marks the place of insurance's greatest achievement, where it was put to the acid test, where it accomplished its greatest victory, and where it satisfied the minds of the world of the great power of insurance to rebuild where disaster destroyed.

So it is very fitting, I say, that this first Congress should be held here in San Francisco, and I am glad that all lines of insurance are represented, because the entire insurance field was called upon to respond at the time when this city was stricken by fire and earthquake.

It is a difficult question to go into, at great length, all of the services that have been performed by insurance. It was stated early at the commencement of this Congress that a time once existed when people looked with suspicion upon the insurance business and classed it as a sort of a gamble; but insurance was made necessary through the necessity of man in his business and in his life.

Insurance is one of the greatest factors to-day in the business and commercial life of the nation. The necessities of commerce gave it its birth, and it has expanded and developed with commerce, always meeting its wants and protecting its ever widening fields, encouraging it to go forward, helping it when in distress and insuring its success. It has from time to time, with wonderful facility, adapted itself to the new interests of an advancing civilization, fostering enterprises, repairing losses, assisting those whom misfortune has overtaken and bringing to the fatherless a support to take the place of that which death deprived them of. The services of Insurance cannot be measured; without its fostering hand it would be impossible to conduct the business and life of the world as it is conducted to-day. The ships that sail on our seas carrying the commerce of the nations of the earth face tides and storms, rocks and shoals, and all other perils of the deep, safe and secure with a life line thrown to the shore which protects every loss no matter what disaster may overtake it. Homes may be destroyed, great business blocks fall in ruins, and factories disappear, but there is standing by a silent force that stretches forth its hand and they arise again. Sickness and disease may overtake us, but beside the doctor and the nurse stands Insurance ministering to our wants and taking care of our necessities. Death may enter the home and claim the husband and father, but Insurance follows after, preserves the home, keeps the little family together and educates the children.

So in nearly every walk of life Insurance plays its part and comes to the relief of man in times of his adversity. "A friend in need is a friend indeed," and such a friend is Insurance.

Every day it is busy through the land repairing the losses caused by fire, storms, sickness, accident and death. It trails disaster everywhere and triumphs over it. The work is done quietly and almost unnoticed. It is estimated that this year the amount collected for voluntary insurance will be about \$1,501,000,000, an enormous sum of money, over six hundred thousand dollars more than Congress appropriates to meet the demands of this nation for one year, and all of this vast sum, except the mere expense of collecting and distributing it, will go to pay the losses suffered

during the year and to secure those who may lose in succeeding years. This large sum of money is distributed all over the nation and no notice is taken of it. It is only when great calamities overtake a community, such as the Chicago, Baltimore and San Francisco fires, that public notice is taken of the great benefits of Insurance and of the splendid service it is rendering to mankind.

The San Francisco fire offers the best illustration, it being the most recent and the greatest in the amount of loss incurred and the extent of territory involved. On the evening of April 17, 1906, the citizens of San Francisco rested from a busy day. There was the San Francisco life in the theaters and other places of amusement, in the restaurants and on the streets. There was that feeling of optimism and good cheer which was felt everywhere and led to goodfellowship and contentment. Its citizens were prosperous, their lives were happy and of hardships they had but few. The wealth from the hidden treasures of the Sierras and from the golden grain and fruits of the valleys of California had been for years pouring into the City and had made of it a splendid metropolis. During all these years there had also been flowing from the City a fund collected for its protection, a fund solicited by Insurance.

On the morning of the 18th of April the citizens were startled by a severe earthquake. Shortly after this fires broke out in different parts of the city—fires that spread rapidly. The water mains had been broken by the earthquake and the fire fighting force was helpless. The whole city was fully alive to the great danger impending. Block after block of fine business buildings were caught up in the holocaust and added fuel to its fury. The flames and heat and smoke spread everywhere, driving before them the inhabitants. Nothing could stop their mad advance, nothing could stay the great devastation of property, the accumulation of years, that was going on. For three days this continued and the fire god then passed away and left behind him a desolate city, a ruined city, a silent and awestruck people. Their business all gone, their banks and factories in ruins, their homes destroyed, they stood in groups and looked upon this vast ruin in silence. They gazed upon a space, where once stood a proud and beautiful city teeming with life and business, but now a waste of fallen stone and brick, and deformed and twisted iron and steel. The savings and accumulations of two generations lay buried and in ashes before them. But still in its fallen helplessness the old San Francisco appealed to them, and from its ruins came a cry for resurrection. From this great ruin, from this waste and desolation, where lay buried the treasures of a great city, they lifted their eyes and they saw a golden stream flowing toward them, coming from the east, bringing with it a new hope, a new San Francisco. It was the return of the Insurance tide that had for years been flowing eastward. It was a force that fire nor earthquake could destroy or divert. It meant the rebuilding of what

the elements so ruthlessly had destroyed; it meant the rehabilitation of a great city dethroned. It gave courage and strength to the citizens of San Francisco and lifted from them the gloom that three terrible days had settled upon them. From a despondent people they became a hopeful community. With reverence they laid their hands upon the tumbled piles of brick and stone that had once been their homes and their temples, and commenced to clear the space upon which was to be constructed a better city, a modern city and a monument to the courage and optimism of western life—a living and everlasting proof of the service Insurance can and does render.

Over four hundred millions of dollars was contributed by Insurance toward doing this great work. Of this amount fire insurance contributed about \$225,000,000 in losses paid; life insurance contributed more than \$100,000,000 in cash loaned to policyholders, and death losses paid besides lending \$85,000,000 on real estate values; the remainder came from casualty and miscellaneous insurance sources.

Thus was San Francisco restored; thus were her citizens enabled to restock their stores and renew their business; thus was a great calamity turned into a blessing and without the service rendered by Insurance this could not have been done within a generation. Without Insurance many of its citizens who now are prosperous would have been ruined—their accumulations of a lifetime gone and no prospect left or years remaining to gain another competency.

San Francisco has been rehabilitated. Its restoration was marvelous. The spirit of its people was tried in fire and was unbroken. Besides the task of rebuilding their city, its citizens undertook, at the same time, the building of a great Exposition to commemorate the completion of the Panama Canal. This great Exposition, which has exceeded all preceding ones, is drawing to a close, and it is fitting that at this time representatives of the Insurance Companies of the world should assemble here and hold an Insurance Congress. Without the aid of Insurance in rebuilding San Francisco the Exposition would never have been held here; and besides there is no field in all the world where Insurance can truthfully say to the elements, "You may destroy but you cannot annihilate."

What Insurance did for the people of San Francisco, it is doing every day for others. Whole cities are not being built, but destroyed homes, ruined factories and losses of all kinds of property, happening daily throughout the world, are being restored. Besides this, millions are being paid where the life of the bread winner has been claimed and where accidents have incapacitated men and women from work. Insurance is daily becoming a greater factor in the progress of the world's work. It makes safe the pathless ocean, where commerce battles with the perils of the sea; it protects the life earnings of man and secures him in his

old age; it holds together the little family after death has entered it and claimed the father; it protects the daily wage of the laborer; it safely guards the business of man, and stands guard over his home. These are the services Insurance renders and there are none other greater.

This service should be protected and encouraged by wise and just laws—laws that are uniform and apply to the whole country, because insurance is not local; for it reaches into every section of the nation where man is or where his interests lie. If there is to be insurance supervision, it should be by one commission and not by many, and this commission should be acting under the authority of the Federal Government. Laws to encourage as well as to regulate insurance should be enacted, and these laws should be found in the federal statutes and not in the session laws of the several states of the Union. The Government should foster Insurance and by wise legislation encourage it, for it is the one great agency that meets the wants and necessities of man in his every walk of life, and serves him faithfully and well at a time when help is needed. It gathers from everywhere a fund that can be immediately paid out wherever losses occur, and thus promptly gives assistance. The service of Insurance is broad as the losses and adversities of man and it meets all that is expected of it.

So we want to protect this great force in the life of our country. We want to protect by just laws the business of the companies. I know of no more interesting study in all of our jurisprudence than the study of insurance law, and I know of no institution in the country to-day more in need of protection than that of Insurance. It fights disaster, and conquers it. It makes safe the business in which we are engaged, the person, the home in which we live. It protects the commerce of the world. It is a great social force making for better conditions.

So we want safe Insurance—Insurance that protects. Had we dependent upon insurance of a state character, or mutual insurance of ourselves, in our great crisis, we would have failed. It took not only the savings of our City and State, but of all the states—yes, and of many countries—to rebuild San Francisco.

Now I say that Insurance has been growing very rapidly and is attracting the attention, more and more, of the people of this country. Large reserves are being piled up in all lines of Insurance—not only money to meet present losses, but money that is being loaned out, money that is intended for future losses—and the people of the country to-day are heeding more than ever the great importance of Insurance to the life of our nation. Insurance is getting to be what we would call a quasi-public institution. It is holding a fund for the benefit of the people, and the people are gradually appreciating it and gradually taking hold of it.

OPENING ADDRESS OF THE SPECIAL CHAIRMAN

LAWRENCE Y. SHERMAN

United States Senator

This is a fit time and place for a World's Insurance Congress. The Panama Canal is this Republic's contribution to the epoch-making events of the world. The canal is essentially constructive. The commerce that passes it in future years is not more cosmopolitan nor widely distributed in its benefits than the preservative, constructive influence of insurance against the certainty of death, the hazards of the elements and the vicissitudes of business.

We have destroyed our forests, are exhausting our soils and wasting every year enough to support one of the smaller nations of the Old World. We are just beginning to lisp the alphabet of saving.

Economic laws are, however, inexorable and ir repealable. They are universal in operation and no respecter of nations. Great natural resources may delay results but none may finally escape them. Thrift is the antidote for waste and want. How difficult at first to gain listeners for conservation, for soil fertility. How unwelcome yet to urge economy in our mines, our forests, our fields, and the uses of the great staples of life. How unwillingly the individual hears he must in some things practice self-denial. The economic youth of our nation is passing. It once seemed inexhaustible. Like you of older nations we face the problems of self-support for our own people.

How easy to destroy, how hard to restore, and how few the builders! I repeat, I would rather be the builder of a hut than the destroyer of a palace.

Constructive ability is the constant need of every generation, constructive in new methods of applying Nature's forces to human wants, constructive in legislation that shall not merely breathe the spirit of demolition, constructive in social justice that shall not hinder, discourage or unduly burden the prudent and industrious, that may destroy only where sober judgment demonstrates new instrumentalities—constructive ability shall take the place better to serve to reach desired ends.

We meet under conditions that have changed the world. Even neutral nations no longer feel secure. No treaty seems sacred. Barbaric force is still the substitute for justice in half the world. The destruction of life and material resources is unparalleled. The war debt will exceed the limits of imagination. The taxable wealth and productive energy of the future are pawned to the present and dedicated to sacking cities and indiscriminate butchery.

Who remains to define modern civilization after a year of modern war! All human affairs end. The benediction of peace

will sometime hallow the battlefields of Europe. The era of the builder will then dawn, but on him will be the unceasing toil of the taxgatherer. As the war has changed the world, so has it changed economic conditions and old methods of living. The extravagance and prodigality of the past are drawing to a close. The spendthrift and the heedless, the idler and the incompetent will have less chance than before. The world will be forced to a higher measure of economy and productiveness.

In the reconstruction of the economic and the social justice fabric following the worldwide change in conditions, life insurance is destined to assume an increased and powerful influence. It is, with fire insurance, essentially constructive in its nature. Both are preservative and creative. From death and ashes rise the energy and protection for the survivors.

Insurance assembles scattered resources. It mobilizes a small part of to-day's earnings against misfortune. It transmutes possible charity into certain self-support. It is the matured contract of prudence and scientific knowledge on the one hand, and, on the other, is based on sound financial principles backed by the successful public and private business undertakings of the civilized world. It substitutes a certain contract for the hazards of business, the uncertainty of health and earning power and the certainty of ultimate disability and death.

In national problems of conservation, of constructive energy, of economy and thrift, insurance in its various forms stands at the threshold of its greatest usefulness.

It remains an inscrutable mystery why life insurance companies are among the first objects of taxation when the government or the state require additional revenues.

It is one of the greatest instruments to promote self-support and protect the family known to civilized society. The legislator who sees in it only an enterprise to be burdened whenever taxes are to be raised has not analyzed well the relation between national strength and private individual support, the solvency of the family or its responsible head.

It is difficult to realize that public officers propose to impose additional tax burdens on life insurance. It is now paying its uniform property tax. It is to be singled out, however, for special taxes. It is to be treated as if it were an occupation which threatened the public welfare and to be regulated and licensed under the police power accordingly.

It ought to be made clear that every special tax is at last a charge on the policyholder. The higher the premium, the less the volume of insurance carried in the aggregate. This in turn reduces the protection to the family and increases the burden finally to rest on public or private charity. Let it be understood this is the cause of the policyholder, not mere of the companies. Make the public officer responsible to the hosts of policyholders, the protection of whose families he has impaired. Such taxation is

a perversion of the powers of government and merits a rebuke by the withdrawal of public confidence from those who sanction it.

Fire has taught its destructive lesson in the credit power of the borrowing property owner. No prudent banker or investor extends credit to the owner of merchandise unless the fire risk is adequately covered by insurance. Real estate titles are insured, banks carry burglary insurance, accident insurance covers personal disability. Cargoes and vessels are insured against ocean perils. The destruction of property by the elements on land and sea is safeguarded by insurance contracts. This removal of property from the hazards attendant on the various stages of business is a material basis on which credit is given. A continuous credit is the result of stable security by which the business currents of the country are directed.

Whatever modern business organization has done, whatever great aggregations of money and methods have seemingly been built for the years to come, human character and ability are as needful now as in the days long gone. There are only comparatively few enterprises in which the death of the master mind does not materially affect their credit. The average business undertaking is vitally so affected. Many are brought abruptly to a close by death. It dissolves all partnerships and ends all individual occupations.

The slowness of the evolution of fixed business methods is illustrated by the established practice of insuring property to cover credit lines and the lack of as uniformly insuring the life that makes possible the only successful management of the business on the strength of which money is loaned. As a mere business venture, life insurance on the person conducting a business is in a larger sense more indispensable than fire, marine or burglary insurance on the insensate money or merchandise used by the living owner. It is sound business prudence to cover credits by an equal line of life insurance. It often becomes the only way by which a partner can equalize his liabilities against his more solvent associates.

Here lies one of the most constructive elements in modern society. It is business prudence joined with private welfare. It commends itself to the thoughtful of all nations. It is worldwide in its usefulness and possibilities. It draws mankind into more harmonious relations with each other and hastens the day of peace and justice.

Insurance cannot now be made interstate business and subject to uniform regulation by an act of Congress. Every life insurance company is now subject to the regulation of the forty-eight states. Each state is at liberty to treat every company not incorporated under its local laws as a foreign corporation. Nothing short of an amendment to the Federal Constitution will vest in Congress power to regulate insurance. Many millions of policy-

holders are your constituents. Most of them are voters. Those directly and indirectly concerned are powerful in numbers and influence. Why should not such voters unite in proper self-defense?

The fraternal companies are rightfully exempt from most of the foregoing burdens. No legislature or politician would venture to propose additional charges to them. The old line companies enjoy no such immunity. Even those doing a purely mutual business are not exempt. So far as it affects the policyholders both stand upon the same footing, *viz*: an increase of taxes is at last charged on the premium and paid by the policyholder. Some well meaning but misguided officials have regarded them as fit enterprises for discrimination and unjust taxation. There is one certain method to meet it. It is the union of voters who pay premiums to your companies. Without them your companies could not exist. Without the companies those voting policyholders could not procure life insurance. It is the union of members with their multiplied paying powers with the business ability and detailed knowledge of life insurance possessed by others that creates the business.

Mutual defense against future unfriendly legislation is as meritorious as the modern protection given by the policies you issue. Let your policyholders understand that every tax imposed increases their premiums. Let them insist that any payment beyond a property tax except that covering the actual cost of supervision and inspection, is unjust. Let their concentrated power be employed legitimately to the end that state legislatures and congress may not increase the cost of insurance under the short-sighted policy of raising further revenues in excess of property tax from life insurance. To the diffusion of this information each agent and officer of your companies may properly lend himself.

Any tax upon the business done in one state becomes a cost element in the premium collected in all other states. The legislature of one state, therefore, becomes national in its necessary effect. If one state taxes life insurance done within its borders by foreign companies and another does not, the citizens of the latter state thereby are taxed by the former state. This becomes a direct incentive to a state collecting nothing or a low revenue from foreign companies to lay a tax or increase their exactions so that it may receive its share of the taxes. This has led in some instances to discriminations and reprisals. It has imposed the most embarrassing variety of laws upon life insurance companies.

The United States possesses that uniformity of climate, race, occupations and sanitary conditions that the cost of life insurance is uniform and national and not accidental and local. As a preservative element in the problem of self-support, it is na-

tional; as an ally in warring against the evil of poverty and want, it is national.

The regulations under which life insurance business is done ought to be national and not local. It has risen to the dignity, importance and power of a national undertaking. It totals, measured by money alone, more than the transportation lines of the United States. No single line of human effort reaches so generally every walk and condition of life. Not a bushel of corn can be turned into distilled liquor without the regulation of Congress. Not a cigar can be rolled and sold without the watchful eye of the Government. Still, the hundreds of millions of investments that safeguard life insurance contracts, the many hundreds of millions of policies carried, the vast possibilities entailed are without a single regulation of Government of the United States.

It is proper now to institute a movement so to amend the Federal Constitution as to give Congress such power. Let it be done intelligently and in the name of justice. A united effort will succeed. Temporary defeat must not discourage but serve as the motive for future increased effort.

SERVICE PERFORMED BY FIRE INSURANCE COMPANIES

By R. W. OSBORN

President, Board of Fire Underwriters of the Pacific

The progress of mankind is marked by certain ethnical periods that are well defined. From the primitive savage to a barbarism of the lowest type, proceeding thence with long intermediate periods to the Greeks of the Homeric Age, on to the Hebrews of the time of Abraham, drifting to our own times until we breathe the atmosphere of a present civilization and achievement.

Whether in the mind of the savage, the barbarian, the Greek or the Hebrew, there was inherent the natural law for the preservation of life. The savage had a very vague idea of property rights and the barbarian little if any better. Pass, however, from those periods long antedating the Homeric Age, and you will observe as you proceed that property became a thing of value and there developed the strong instinct for its preservation. It is, therefore, quite natural that these people should have thought of preserving the integrity of their possessions and of their lives. Instinctively the mind began to devise means whereby these two possessions, so sacred to them, should be protected. Life was paramount and was guarded by physical means, such as usually would be suggested to undeveloped yet growing minds.

As society emerged from its primitive state and assumed a cohesive attribute, law commenced to find its way into definite ex-

pression, and laws were conceived and framed to protect life and property. It was evident, however, as time passed on, that law alone could not prevent the destruction, by the elements, of one's holdings. This in turn prompted the ingenuity of the ancients to suggest some form of associated effort.

Three or four thousand years ago Assyria developed the mutual contribution plan, taxing the community in order to reimburse the individual loser. Greece and Rome gave expression to this principle by similar methods.

In the Middle Ages mutual insurance was more or less the vogue. The lords of Russia rebuilt the houses of their serfs. Flanders about the 13th century operated along these lines, the whole community sharing in the individual loss. During the Anglo-Saxon period the idea of insurance began to assume definite shape. Guilds that were formed for protection and improvement included the principle of insurance. All, however, were based upon the mutual plan of contributorship. In England hundreds of these guilds were in existence, confining their operations to particular hamlets or districts.

Wherever we find human activity, there is developed resourcefulness dependent upon well defined natural laws.

The mind of the Eskimo is less fertile than of one who lives in the temperate zone. The mind of the latter reaches the highest possible standard, while under the tropics it becomes sluggish and inert. In the two extremes mental development finds little encouragement from natural influences. In these extremes the law of statics is the moving force, while in the other dynamics is the irresistible power impelling a mutual development measured only by human limitations.

The development of the idea of protection, while instinctive in all, is less so in the polar and torrid habitant, but has reached a very high standard in him who dwells within the temperate clime.

The foregoing is designed merely to move the mind to a proper understanding of the fundamental idea of insurance as a natural outgrowth of human instinct and its development.

As time passed on and property became more real as a possessory right, the natural instinct for its preservation became more vital. The more the people found ways and means for protection, the more universal it naturally became.

In the early days of this contributorship, reimbursement was gratuitous, resting upon the desire of the many to help the unfortunate few in return for similar help. Gradually, however, the plan became extended and developed from its abstract form into a concrete idea. Capital was engaged and insurance companies were formed to undertake the burden theretofore assumed through mutualism.

One hundred years ago the business transacted between insurance companies of the world was most limited, as indeed the want

for it was correspondingly measured, but in the past half century the demand has grown enormously. The commercial development of the countries of Europe with that of our own great empire of industry has not only created a constant demand for, but made imperative by reason of business necessity, the organization of gigantic capitalization to provide for this great economic shield.

The commerce of the world is engaged largely through credit, it is capitalized and operated through expectancy and therefore the enormous debit balance must be guarded by this aegis of protection—the fire policy.

Admitting, however, that each dollar of debt was backed by its equivalent in gold, yet this protection is equally vital if for no other reason than to maintain an economic parity.

Insurance is neither more nor less than a distributed tax, assessed against the communities of state or nation, and by reason of this it assumes the function of a general assessment. Classes of risks are segregated and their relative hazards appraised to the end that each will bear its due proportion of the burden, without taxing unfairly the lesser forms of hazard. But tax it is and distribution is its cardinal feature. Thus we see a pre-eminent service performed in so measuring the tax and providing for its equal distribution over great numbers of people and risks.

We are wont to refer to the classic period of Greece with its wealth of architectural beauty, to the Elizabethan Era with its refinements in literature, to the Victorian Age in which achievements typify a marvelous growth in science, literature, art, and commerce; but does not the mind become exalted and the eye look aghast at this prophet of all ages, the great dynamic Twentieth Century?

Who can visualize it? who possibly describe it, or even dream of its inchoate plans, which like a thousand arms are outstretched to give comfort to mankind? It is a mighty age fraught with mighty consequences, and underwriting plays no unimportant part in this great scheme of development.

As we retrospect some thirty or forty years, behold a crude and unscientific method underlying the profession of underwriting. Complex hazards were commencing to menace the economic fabric of an infant industrial era, an imperfect idea was attempting to correct and arrest the onward march of a wonderful age and a reckless guess was hazarded by us in estimating the cost. Fire departments were more political than civic organizations, poorly equipped and most inefficiently conducted. Building laws were crudely drafted and criminally executed and this with a most shameful indifference on the part of the people.

Underwriting was confronted by these conditions and I may add, required to carry them along against an adverse tide, without remedial effort on the part of the state or country and without

itself being adequately constituted to unload its burden by corrective influence.

Underwriting organization, by persistent courage and by influence of a positive character, has brought communities to a fuller sense of coöperative effort, and they have responded with more or less earnestness to constructive suggestion—not at first, however, without hostility and provoking organized resistance. It is quite human to protest against taxation, and the average man feels all taxes as an arbitrary subtraction from his bank account. But apart from life insurance, I know of no system of taxation so accurate, so thoroughly distributive, and so devoid of human error as the measurement of rate for fire insurance assessment. In passing it must be admitted that until within a comparatively short time, making rates was a system of guessing—system we call it because it did possess some semblance of organized method, but withal it was a guess and served indifferently to create a fair parity between loss and profit. But the last twenty-five years have been prodigious factors in developing new hazards, new processes and introduction into human activity of unappreciated and misunderstood elements.

These in turn required treatment and the application of new principles at once perplexing, and at times experimental.

The National Board, through its elaborate corps of engineers, has served immeasurably in correcting conflagration tendencies. Rating bureaus have done still more by inculcating the theory of resistance by proper construction and fire protection, through closer analysis of different risks. Inspection bureaus have proven a public blessing in their positive and corrective influence, while laboratories are the acme of engineering skill and are serving an unmeasured purpose in the economy of industrialism. All of these are but arteries through which the life blood of the great system is flowing.

These various branches of the business are working intelligently for constructive results, each specializing along fundamental lines and each achieving a success in the ration of the resistive force opposing it.

Let us be frank and investigate this resistance, and endeavor by analysis to discover what is its source, and also to relatively assess the value of such opposition.

We are unquestionably undergoing an evolution, modified by change and conditions from both within and without, and it is strange how much of the movement “without” has to do with the one “within.”

Some forty years ago the non-uniformity of policy conditions was a source of endless trouble and public criticism, the non-concurrence of policy forms gave rise to dispute and litigation. Public temper was so keyed up as to make it imperative that a change should take place. The companies themselves aimed to meet that opposition by mutually agreeing to a policy uniform

in its conditions, and this worked fairly well for a while. Finally the States began to legislate on this subject with the result that a large number of States have adopted a form of policy the use of which is mandatory; but the legislation merely accelerated a process already begun, one that was inevitably coming by force of a natural and consistent evolution.

Then followed a similar popular protest against the business generally for an alleged lack of faith in the adjustment of losses, and it may be quite true that there were many instances when the adjustment of loss did not redound to the credit of the company; but when we consider the millions of cases handled, the real number of bad adjustments was in reality small, if not insignificant when compared with the whole. However, it must not be permitted to pass unnoticed that a very large number of "bad adjustments" were inspired by "bad" losses, when, if the inscrutable eye of Providence had revealed the facts, they would prove anything but a halo encircling the heads of innocent claimants. This is a truth expressed with far more moderation than restraint. But the spirit of competition alone has so modified the practice of the past, that if the companies were not inspired by a high standard of moral consideration, they could not afford to ignore both the letter and the spirit of the contract, with a gratuity added to accelerate the appetite. But it is my observation that a very measurable standard of justice and equity is the moving factor with underwriting in respect to fulfilling the obligations of the contract. It has required no law to accomplish this; by simply an awakening through the evocatory agency of honor itself has this been brought about.

Then the question of rating, the tax imposed upon the public, was the bone of contention. A hundred years ago the rate problem was more easily solved, because the hazards insured against were far less varied and infinitely less complex. Risks were resolved into few classes and those classes were rated very largely upon a community of interest.

As the great human activities in commerce and industrialism began to develop, new processes and complicated equipment for their operation produced new and equally complicated hazards, requiring the application of great study and thought in their adjustment to rate. At this juncture a more refined system of rating became the vogue, which in turn suggested still further refinements until a reasonably scientific basis for measuring the fire hazard was possible.

Burke, quoting Sully, said: "It is never from a desire to attack that the people rise, but from an impatience under suffering." Of course, that had reference to the political aspect of society and not the economic, but it is quite relevant here for this discussion. Under former systems of rating, discrimination was more or less rife, not only possibly but actually so, and led to a popular cry that the rich were benefited by exactions from the

poor. That there were discriminations, was both possible and probable, we may say inevitably so, for if hazards were not then a subject for measurement it was not unlikely that wholesale indemnity was subject to the same economic laws as merchandising. But in the course of its evolution, rating by guess, or possibly in some cases by auto-suggestion, became superseded by a very fair system of measurement, whereby the relativity of hazards became possible of comparison with proper deductions.

Dissatisfaction, however, once sown, is difficult to change. It requires much time to convince an impressioned public that a system discarded is made any better by a new one, and especially when you consider the fact that it involves technique which only the initiated can understand. Hence this dissatisfaction in the public mind gave rise to the cry "Down with the trusts" and placed in the hand of the cheap politician another means of existence, and now it is the vogue that the State should interfere. It was Guizot who said, "It is a gross delusion to believe in the sovereign power of political machinery," and Spencer has declared a fundamental truth: "Let a people believe in governmental omnipotence, and they will be pretty certain to get up revolutions to achieve impossibilities. Between their exorbitant ideas of what the state ought to do for them on the one side, and its miserable performance on the other, there will surely be generated feelings extremely inimical to social order." Political and governmental interference approached the "danger zone," for what is a life study with the underwriter cannot, with any measure of success, be a mere avocation of a politician—not unlike giving speech to an ass and putting wisdom in the head of a nail. This tendency is insidious and like the quitch grass burying its tentacles in the ground, the public will yet awaken to find the great modern system of indemnity befouled, if not completely ruined.

By a wonderfully progressive movement, underwriting is approaching the standard of a science and must be left, within itself, to work out its own problems.

The politician is never constructive in his work, and with his selfish conceit would turn back the hands of progress and bring to our eyes pictures, such as may have been seen when wolves howled on the hills of Rome and when slaves worked the quarries of Syracuse.

Little credit is given to underwriting for the wonderful forces of to-day. The education going on under its guidance and initiation is little short of marvelous. Engineers are constantly studying methods of construction, the chemist is regularly in touch with the great system of underwriting. Every city and town will trace the development of its fire-fighting facilities to the door of the underwriter, where every facility is afforded the public for progressive ideas. Under the present system, rate is so closely attuned to hazard that almost every human activity comes under the guiding influence of underwriting organization. Publicity,

another and independent factor, is exerting wide influence through the various channels, and insurance interests are endeavoring, through every artery of the business, to educate those who wish to profit by the experiences in our business. Analyze any form of schedule prepared by a rating board and note the constructive detail in which no defect of hazard is overlooked. Visit the laboratories and observe the tests and one will at once be amazed at the constantly accruing knowledge which is being gained and given to the public. It seems to be a misconception in the mind of the people to the effect that high rates are productive of big profits, while the reverse is true. Assumed, of course, that low rates are based on low potentials of hazard, so-called low rated risks are always more profitable than their truant brothers and if for no other reason in the world than that rate, being a system of measurement, indicates the quantity of hazard within a risk.

Notwithstanding this vast machinery, the high order of intelligence and the wonderful supervision in the business, this country has not achieved a success that both this expenditure of money and brain would dictate as possible.

The enormous fire waste of this country is slowly but surely undermining the industrial and economic life of society. We can no more continue this devastation of wealth and withstand its consequences than can a bank outlive the "run" in times of panic. Instead of devoting so much thought and energy to uprooting fundamental principles, the modern legislature can prove a benefit to society by inaugurating some laws to control the profligacy of our people and the waste of the nation.

Notwithstanding the impelling force in underwriting toward better construction, aiming to eliminate, or at least modify, extreme hazards and with the great up-building influence reflected in the fire departments commencing with the village and ending with the great metropolis, yes, notwithstanding all this, there is yet an underdevelopment in civic responsibility and in the conception of the social duty we owe to the state. We, clay-made tenants of a rapid age, seem to ignore the supremest tests by which a nation is conserved. Stringent laws such as exist in European States, while apart from the essential features of our liberties, yet reflect the duty we owe to the economic fabric of society.

Notwithstanding the frightful drain upon our resources, insurance organization has, through a supreme intelligence, been able to construct a system of protection unequalled in the history of the world and not equaled by governmental regulations in other respects. It, therefore, is little short of a miracle that the insurance interests have been able to withstand this strain and to build so as to rear a monument dedicated to all vital interests and operating to create confidence in the great commercial activities, which in turn install the peace and serenity most abiding in its character. Whether from the spear-tipped fire that courses

through the air, or the self-immersed torch of the bloody incendiary, underwriting stands ready to do its office.

When the fire-fiend throws his stream of flame into the great industrial centers, conflagration results, and when we view the great conflagrations of this country, we are paralyzed with the thought of the terrible loss to life and property, and yet Insurance stands like the Colossus of Rhodes, and the great stream of claimants pass beneath its beacon light and are served as at no other time in the history of man.

A partial review of the more important conflagrations of our own country reveals some twenty-four since the Chicago fire, involving hundreds of millions of dollars to insurance interests. The most notable were Chicago, Boston, Jacksonville, Paterson, Baltimore, San Francisco and Chelsea, but there are others which need not blush in the comparison. The most frightful of all was, of course, that of this City, in which the insurance companies redeemed through their obligations over one hundred and eighty million dollars. It must be remembered that in the Baltimore fire some forty-five millions of loss were sustained by insurance companies and this only preceded the San Francisco conflagration by two years, yet underwriting interests were in a position after the one staggering blow to meet the greater and more crushing one. The toll was heavy.

Is this not achievement? Does not this excite the admiration of thinking men and should we not feel proud that each of us has given life and thought to the development of a great system that can do these things, prove a mighty aegis of protection and yet survive to continue that confidence which in turn makes the great commercialism of the world pursue its daily work, conincied that o'er the towering frame of commerce is erected that great shield which underwriting has reared? The profession to which we owe allegiance has by no means reached that stage of perfection where captious criticism may not be incited or where honest difference of opinion may not be invoked, but it is moving onward and upward and bravely endeavoring to solve its own deep problems, and it may be counted upon to achieve its victory.

SERVICE PERFORMED BY SURETY COMPANIES

BY FRANK L. GILBERT

Vice President, National Surety Company

I have been requested to address you upon the subject: "Service performed by Surety Companies", bringing to the fore the part that Surety Companies play in conserving and bettering citizenship, the cementing of family ties, preventing poverty, the upholding of law and order, maintaining credit, uplifting the

individual in the eyes of himself and his community and ultimately acting as a binder which draws men together for a harmonious perpetuation of peaceful pursuits.

Owing to the short time allowed me for preparing this address, I have used many thoughts and expressions of others and gladly give them credit now.

Not until now have I ever considered how extensive are the ramifications of the *influences* of our business, but before going into the specialties permit me to give you a little history of the surety business. Our first record of advices against becoming Surety is found in the Bible. *Proverbs*, Chap. 6, first verse, says: "My son, if thou be surety for thy friend, if thou hast stricken thy hand with a stranger, thou art snared with the words of thy mouth." *Proverbs*, Chap. 22, 26th verse: "Be not thou one of them that strike hands or of them that are sureties for debts." *Proverbs*, Chap. 17, 18th verse: "A man void of understanding striketh hands and becometh surety in the presence of his friends." *Proverbs*, Chap. 20, 16th verse: "Take this garment that is surety for a stranger." *Proverbs*, Chap. 11, 15th verse: "He that is surety for a stranger shall smart for it; and he that hateth suretyship is sure." Even the advice of Sir Walter Raleigh went unheeded for years. His warning is as follows: "If any desire thee to be his surety, give him a part of what thou hast to spare; if he press thee farther, he is not thy friend at all, for friendship rather chooseth harm to itself, than offereth it. If thou be bound for a stranger, thou art a fool; if for a merchant, thou puttest thy estate to learn to swink; if for a churchman, he hath no inheritance; if for a lawyer, he will find an evasion by a syllable or word to abuse thee; if for a poor man, thou must pay it thyself; if for a rich man, he needs not—therefore, from suretyship, as from a manslayer or enchanter, bless thyself; for the profit and return will be this—that if thou force him for whom thou art bound, to pay it himself, he will become thy enemy; if thou use to pay it thyself, thou wilt become a beggar."

Notwithstanding all this very good advice, it was not until 1851 that capital could be interested in America in the formation of companies to relieve personal sureties of responsibility and losses. In that year the Guarantee Company of North American was organized in Montreal, Canada. The first company writing fidelity insurance in the United States is the Fidelity and Casualty Company of New York, organized in 1876, transacting its first business in 1879. The American Surety Company of New York was incorporated in 1884 and for several years these companies had a monopoly of the field. In 1888 the Missouri, Kansas and Texas Trust Company of Kansas City was organized, which in 1897 was merged into the National Surety Company of New York. The Fidelity and Deposit Company of Baltimore began business in 1890, the American Bonding Company of Baltimore,

Md., in 1894, the Title Guaranty and Surety Company of Scranton, Pa., in 1901.

In 1895 the total premium receipts of all companies from fidelity and surety lines were only a few thousand dollars and for the year 1914 were over twenty millions.

The growth of the business for a number of years was slow—the public had followed the plan of giving personal sureties. Yet, there is no argument to support the personal bond. The only excuse for its ever having existed was the absence of its corporate successor. No man has a right to ask his friend for such gratuitous assistance. No man is justified in assuming, for another, an obligation which hazards his estate and may impoverish his family. Thousands in the past have lost their all through the signing of bonds, which loss is now obviated through the medium of surety companies. One of the greatest protections against poverty to-day is brought about through the service given by surety companies in the execution of thousands of bonds throughout the United States for administrators, executors and guardians. By exercising rigid joint control of the assets of the estate, we preserve the funds and securities for the heirs, in addition making the line a very profitable one for the companies.

Surety companies are always opposed to gambling in any form. In the fight against race track gambling, the surety companies were at the front line fighting this great evil and not *entirely* from disinterested motives. In an editorial in the *Los Angeles Express* of March 3d, 1908, there appeared the following eloquent testimony from the President of a surety company: "Do you know, I estimate that fully 75 per cent. of the men in California whose integrity we guarantee and who go wrong are tempted and fall through betting on the races." And I want to say to you now,—that since the race track was put out of business, the fidelity losses have been reduced to such an extent that it has been possible to materially reduce the rate on fidelity risks.

We now have the extreme pleasure of saying to our people at the home offices that the lotteries in San Francisco are a thing of the past. This sort of gambling, while not as bad as the race track, finds its victims. In a case now pending in San Francisco a trusted employee has defaulted in a very large amount, spending large sums monthly for lottery tickets. His employers are protected by surety bonds in several companies—the sufferers being the man's family. The surety companies have been as active in helping abolish the lotteries as in the case of the race track. We, therefore, make our claim for *credit* in upholding law and order.

Surety proper comes under a different classification than fidelity, and covers undertakings more in the nature of financial guarantees, or *credit* guarantees, such as undertakings on appeal, stipulations for value, bonds guaranteeing payment of freight charges, etc. One of the most hazardous lines is the bonding of contractors on construction work. In California, as in a large number

of States, the contractors' bond guarantees the payment of all bills for labor and material in addition to the *completion* of the work, so that our bond is one that guarantees credit. Material men upon finding that a reliable surety company has executed the bond will sell him readily and without question. The surety companies are therefore upholding the credit of the contractors.

In many of the States the laws provide that a treasurer, or other public official, may deposit the funds that by reason of his office come into his hands in a bank or banks. The bank in turn furnishes a surety company bond to the treasurer, guaranteeing the safe return of the funds so deposited. By this method of *obtaining* credit, the bank pays a small premium rate on the average deposit, thereby avoiding the necessity of purchasing municipal bonds for security, which bonds fluctuate in price and are sometimes unsalable without loss.

The most desirable business secured by a surety company is guaranteeing the honesty of the individual, either as officer or employee, and, as the bonding of employees becomes more general, the percentage of defalcations decrease.

The average bonded man is honest. It may be in some instances that he is prompted to be faithful and honest solely through fear of arrest, or the ruining of his bond record. In that event, the granting of suretyship is still a boon even though it awakens fear rather than pride.

The good result to all concerned—to the employer, the surety, the employee himself, the employee's relatives and friends—is the same. Whatever tends to the keeping of faith between men tends to the uplift of men and the betterment of life.

Surety companies, while being public benefactors, are organized for profit, and all well managed surety companies are dividend payers. No line of business is entirely philanthropical. *Business is business*. But any business that requires in its operation a large measure of faith in mankind, or even a show of such faith, and which is calculated to put a premium upon proper conduct and decent living, loses its sordidness in a large measure. It has an aspect other than a commercial one.

The fact that such a line of business when carefully handled may be made profitable should not, it seems to me, lessen the regard in which its object and the results obtained should be held. If the guaranteeing of another's fidelity has become less hazardous to the guarantor than formerly, it is the very character of the business that has made it so. To place trust in a man constitutes an appeal to his self-respect which might otherwise lie dormant.

Employers are more and more recognizing their duty towards those eligible to suretyship, and the poor man with a good record back of him gets the job. Suretyship is a moral teacher. Its tendency is to promote the general welfare of the good of mankind. The development of moral sensibility—even though it be an enforced development brought about through fear of consequences—

can scarcely fail to bring with it a higher plane of living resulting in increased happiness.

In conclusion—corporate suretyship came into being as the spoken language came: Slowly, gradually and to meet an urgent need. It has been worked for evil but mostly has worked for good. It is a vital force and a tower of strength. If you do not use it, you work against the aims and purposes that animate your business.

It is the ambassador of civilization, the hand-maiden of thrift and the guardian of progress. With its aid commerce has laid rails across the continent and stretched a network of copper into the far corners of the globe. It has built great cities and peoples them with happy men and women who love the labor it insures. It has assisted in the construction of the great Panama Canal, the completion of which we are now celebrating. It is the friend of widows and orphans—its promises are sought alike by rich and poor. He who uses it is wise, for it has made possible an assurance of peace and happiness denied the King of yesterday. It spells economy, abundance and security. It is the one and only universal safeguard—Corporate Suretyship.

SERVICE PERFORMED BY LIFE INSURANCE COMPANIES

BY HALEY FISKE

Vice-President, Metropolitan Life Insurance Company

(Read by Geo. B. Scott)

The following introductory paragraph of the announcement of the day's proceedings is a succinct statement of the service; and what is required seems to be set forth facts which justify the thesis:

“The day is designed to bring to the fore the part that insurance plays in conserving and bettering citizenship through the prolongation of life, the cementing of family ties, preventing poverty, the upholding of law and order, maintaining credit, . . . improving sanitation, uplifting the individual in the eyes of himself and his community, and ultimately acting as the binder which draws men together for a harmonious perpetuation of peaceful pursuits upon a constructive basis.”

Consider first how widespread in the community is the insurance of lives. At the end of 1914 there were 40,391,856 policies in force in the United States and Canada, as compared with a population of, say, 110,000,000. We estimate that these forty millions of policies were upon twenty-five to thirty millions of lives, and therefore that about a quarter of the population is insured.

These are the figures of 244 regular reserve companies. The insurance in force was \$22,342,611,750. The companies are exceedingly active and energetic in prosecuting the business. There was a gain of nearly two and a half millions in number and nearly two billions of dollars in amount of insurance in force during the year 1914. To realize the significance of these figures, consider, next, what life insurance is. Fundamentally it is the association of numbers of people who realize that while nothing is more certain than death, nothing is more uncertain for each healthy individual than the date of death; that death is a pecuniary loss to the dependents; that there is a necessity to tide over a period during which new adjustments can be made in the lives of the survivors; that for this period assistance is needed. The contributions of these numbers of people go into a fund out of which this help is furnished. Though the date of the individual death is uncertain, the number of deaths in the year among the contributors is quite certain. There is, therefore, a mathematical relation established between the amount agreed to be contributed and the amount of the fund to be drawn upon death. The uncertainty of the date of death makes life insurance a very human thing. It used to be called a gamble. Surely it is not that. We have a right, after all these years and the tremendous extent of life insurance, to say that the system is the result of conscious mutual helpfulness. It is a social institution. The family which draws a death benefit after a single premium is not drawing charity. The obligation of the holder of the policy was undertaken in good faith with the view of helping others, and the help from others arising from the unexpected death is the mere fulfilment of an obligation which was reciprocal. No doubt when a man insures his life he does it to protect his family in the event of his death; but he neither expects nor desires his own death, and he has a consciousness that he is making a mutual bargain to give or take help as the event may prove. Life insurance is, therefore, a brotherhood whose operations are intensely practical. These companies distributed, during 1914, \$527,535,935. Somebody has said this is over one-half of the national debt. Think of the excitement the Government would arouse if it undertook to pay its debt in a single year! Think of the taxation necessary to enable the Government to do such a thing. Yet the distribution by life companies of over half a billion dollars in a year causes no comment. It enters into the common life of the people, affecting enormous numbers of them. We may take it that this money went to the families of nearly a million persons, and therefore affected four or five millions of individuals. And this is an annual experience. Multiply it by ten years, and consider what a common daily experience is the knowledge by our people of the results of this system of association for mutual help.

It would be mere commonplace to dwell upon the good done by

this enormous distribution of money, in relieving want, paying debts, furnishing future support.

Let us go back to the fund out of which these payments are made. It is stupendous in amount. The assets of these companies at the end of 1914 were \$5,228,131,428. They increased during the year \$321,684,415. There were poured into this fund during the year \$1,035,066,155, of which \$778,758,888 were from premiums. Of the total assets there were permanently invested in reserve required by law to meet policy obligations the sum of \$4,341,688,654; the increase in the reserve during the year 1914 was \$251,140,370. These figures are so large as to benumb us if we look at them as mere accumulations. We must consider how intimately into the daily life of our people these millions and millions of dollars enter. In no other way may we appreciate the extent of the service performed.

Take the five and a quarter billions of assets. It is probable that thirty per cent. of these are invested in railway securities, that is, one and a half billions of dollars are in the real and personal property of railways. The first thought about this is that the insurance business has been the most important single instrumentality in developing the country; that millions of acres of land have been thrown open to cultivation; that the coal, the ores, the crops have been wealth added to the country's resources; that enormous populations have been scattered over the various States; that the resulting commerce has founded and built up the cities of the country; that, through exports, money has been drawn from all the world and millions of people invited to our shores and sent throughout the land.

It is probable that thirty-five per cent of these assets are loaned on bonds and mortgages. That means that communities have been built up by insurance funds. It is estimated that ten per cent. of the funds are invested in State, county and municipal bonds and bonds of public improvements. That means that communities have been developed and sustained, and have been furnished with the conveniences of modern life and with material facilities for the education of children by the insurance companies. This constructive work is continuous. Under the reserve system of insurance—more than four-fifths of the assets are subject to reserve liabilities—the total reserves of the companies amounted to over four and a third billions of dollars at the end of 1914. The investments are stable. They increase automatically, like the rolling of a snow-ball. More than three-quarters of the semi-annual interest receipts are added to the reserve and in turn invested and held. Moreover, the investments are made where they are most needed. This arises from self interest, because obviously the best rate of interest is obtained, as a rule, where capital is scareest. Mr. Cox, of the Presidents' Association, in analyzing the investments of fourteen large United States companies, found that five per cent. of the total reserves were invested in the Northwest to the extent

of over two hundred per cent. of the reserves of the policies issued to those States; ten per cent. in the Southwest amounting to 124 per cent. of the reserves of the policies of that territory; nearly twenty per cent. in the Central Northern States (Ohio, Indiana, Illinois, Wisconsin and Michigan), being 114 per cent. of the reserves required by the policies in those States; seven per cent. in the South Atlantic States, being 111 per cent. of the reserves on their policies; nearly five per cent. in the Pacific States, being 123 per cent. of the reserves on Pacific Coast policies. It is a demonstration that the insurance companies have been building up this vast domain, for the fourteen companies had over eight hundred millions of dollars invested there.

Probably fifteen per cent. of the assets of the companies are invested in policy loans. Leaving aside the question whether it is wise for either the company or the borrowing policyholders that there should be so much borrowing, it must be admitted that the loans associate company and policyholder closer together; that the return of seven hundred and fifty millions of dollars collected in premiums to those who paid them, and while they are continuing their policies, means an increase in capital resources; that the business and social life of the individual are profoundly affected. He spends the money borrowed. If he pays future premiums with it, he keeps his family protected; if he pays debts, he releases capital and carries easier the burden of life; if he buys luxuries, he thanks insurance for his keener enjoyment; if he tides over loss of income, he realizes as never before the blessings of life insurance.

Let us go deeper into the relation of insurance to the industrial life of the people. The income in 1914 of the 244 companies was over a billion of dollars, of which nearly 780 millions were in premiums. Of this billion dollars of income (\$1,035,066,155), twenty-five per cent. was added to reserve—\$251,140,370—and invested in the upbuilding of our material resources; fifty per cent.—\$527,535,935—was returned to policyholders new and old. Want relieved, families supported, children educated, debts paid, investments made for widow and children—the blessings of life insurance have so often been explained that I need not pursue that topic; seventeen per cent. went to management expenses—salaries, wages, commissions—touching the community on all sides as money spent in small sums inevitably does; about one and a half per cent.—say, fourteen millions of dollars—paid in taxes on premiums, an amount we may say unjustly assessed upon thrift, but which went to lighten the burdens of other taxation and contributed to the carrying on of civilized life, protection of property, education, caring for the sick.

Perhaps one gets a clearer conception of the service performed by life insurance companies when he studies the business of industrial life insurance. Three-quarters of all the policies in force are industrial—thirty millions out of forty. When one thinks of the

service performed, the number of individuals affected is perhaps more important than the amount. Is it not a startling fact that one out of every five of the population of the United States and Canada holds an industrial life insurance policy and weekly pays his premium to a collector? Can any one institution be said to be as close to the people as that? When you consider that in Philadelphia and some other cities there are more industrial life insurance policies in force than the number of the population, you begin to get an inkling of how close to the life of the people life insurance is. But it is not only the number of policies, but the insurance and financial exhibits which show the important part in the life of the people life insurance plays. In number, the industrial policies are seventy-five per cent. of the total; in amount of insurance and in premium income, nearly nineteen per cent.; or, including the ordinary business of these companies—and by far the most of their ordinary business comes from the same classes as their industrial—over thirty per cent.; in payments to industrial policyholders, twelve per cent., and to all policyholders, twenty per cent.; in reserve accumulations, twenty per cent., nearly equally divided between industrial and ordinary; in assets about twenty per cent.

Let us analyze the system of industrial insurance and follow it out. One hundred and forty-four millions are annually collected in weekly installments. This involves perhaps eight millions of visits weekly by agents—over four hundred millions of visits annually. The agent performs all the services required by the policyholder—he collects the premiums, pays the dividends and bonuses, calls to prepare the proofs of death and later to pay the claims. The agent enters into the daily family life of the wage-earners. He knows all the family, their joys and griefs, their income and outgo, their pleasures, their work—their very life; is often their adviser, confident and friend; and always in a representative capacity; he is what he is to those millions of people because he to them is the company; they know the company is back of the agent; agents may change, but the company is always with them. People pay premiums to the agents and the collections go to the insurance fund—the assets; the assets are invested; part of them go to railway treasuries; part to governmental officials; part to treasurers of public utility companies; part to personal borrowers on mortgages. But these recipients do not keep the money. They spend it in materials and wages. The materials, moreover, had to be manufactured by wage-earners. In the last analysis, the people who pay the premiums get the premiums back in wages. It is the workmen who gets metal and coal out of mines, who clears forests, who fashions lumber, who gathers crops, who makes brick, who quarries stone, who draws rails, who casts structural steel, who erects buildings and lays railway lines and builds locomotives and cars. For all these things he gets paid out of the assets of insurance companies invested in the debts of his employer.

And when he gets his wages he buys food and clothing, and this involves more buildings and more railways and more cities and towns and more means of communication and more public utilities. And with part of his wages he buys insurance and pays his premiums and increases the companies' funds. Thus, money he pays to insurance companies comes back to him in wages. An endless chain? No. It is circulating blood. It carries on the life of the people. Service? It is civilized life! From the cradle to the grave industrial life insurance is the companion, servant, friend, benefactor of the wage-earning families. It makes of these people a capitalistic class. No one of them can buy a bond, but two hundred of them can do so every year, for their collective industrial premiums will then have amounted to \$1,000. A million of them in ten years will contribute enough to build a railway halfway across the continent; or to put up fifty large city schools; or to run a subway through New York; or to supply a large city with water; or to build 20,000 homes for a hundred thousand people—build a city! It is not only that they can do it—they do it! Consider the assets of the industrial companies—one thousand millions of dollars!

It was industrial insurance that first brought the service of life insurance to the mass of the people. For many years after the system of life insurance was inaugurated, its benefits were available only to the comparatively well-to-do. Wage-earners had recourse to clubs and small associations which distributed benefits from contributions, either periodical or on call when needed, from the members. Industrial insurance is the application of life insurance science to the special needs of working people—namely, the frequent payment of small premiums collected on personal visitation by collectors. That thirty out of forty millions of policies in force are industrial shows the extent of the service. An unknown element at the start was the mortality to be experienced; and yet mortality experience is the most necessary element in the practical operation of life insurance. To gain knowledge of this element took many years. A unique service has been the return to the policyholders of the excess premiums originally fixed high enough to insure safety. The companies were stock corporations organized in profit to the shareholders. We have seen the spectacle, new to business, of the return in the last nineteen years of forty-nine millions of dollars in cash by one company to its policyholders over and above the obligations of the contracts which were non-participating; besides the granting of concessions, costing four millions more; and of the like return by another company of twenty-one millions of dollars. The latter company changed its form of industrial policies after 1895 to the participating plan. The distribution above mentioned was to non-participating policyholders. During the last year a still more amazing thing has happened. The stock of one company, two millions of dollars, with a surplus of thirty-three millions, limited, however, to annual

dividends of seven per cent. was surrendered to the policyholders at three times its par value. Financiers have called this a gift, as the ultimate legal title to the surplus was in the stock. The stock of another company, also two millions of dollars, with a surplus of thirty-five millions, whose stock dividends were unlimited by charter, was surrendered to the policyholders for about nine times the par value; this, in the face of dividends declared by its namesake in England amounting annually to 5,600 per cent. on the cash invested. It results that the three companies which together do ninety-two per cent. of the entire industrial insurance now belong to the policyholders. There is something impressive about the banding together of the holders of twenty-eight millions of industrial policies for the service of mutual protection. No one can estimate the service to the American and Canadian peoples of this system of insurance.

A recent progressive stage of life insurance is what is practically the care and investment of savings for the surviving dependents—an end achieved by the deposit of the proceeds of a policy with the company which pays interest, or the payment of the policy in many instalments. The amount of insurance on these plans is rapidly increasing. This is a service which saves dependents from errors of judgment and exploitation by unwise and designing advisers.

One large and old life insurance company is issuing millions of insurance to employees covering a burial fund for the employee and weekly support to the dependents, the premiums paid by the employer. Another prominent company issues policies providing sick benefits, accident indemnity and burial fund. These policies may be collective, issued to the employer, with or without contributions from the employee. Still another company insures its sixteen thousand of employees against sickness and death, the premiums contributed jointly by company and servant. It offers similar insurance to all employers of labor, the risks being classified according to hazard, the invalidity premiums varying in the different classes.

One or two companies are offering mortgage loans on homes, with provision for amortization protected by life insurance—a form of service of the greatest benefit to the community as well as to the insured.

The latest development of life insurance in this country is interesting and, to those who know the history of this business, really amazing. It is distinctively American, for it is seen in no other country. It is doubtless the outgrowth of the sentiment which of late years is pervading society throughout the world, and in this country especially has involved industrial and commercial business; the sentiment that there is a responsibility resting upon the prosperous to help the less fortunate; that there is a duty to the community to better conditions and uplift the mass. As life insurance is based upon mortality, it is a logical working out

of this sentiment for the insurance companies to do something to lower the death-date—to conserve health and lengthen human life. It is the same sentiment which leads manufacturers to improve conditions of labor and domestic life of wage-earners and to promote thrift.

The new service which life insurance has begun runs along several channels, and we may well take a brief survey. In a paper widely distributed at the Fifteenth International Congress on Hygiene and Demography held three years ago, Mr. Cox, manager of the Presidents' Association, composed of about thirty life insurance companies carrying seventy-seven per cent. of the American policies, noted that there was a group of five companies, with twenty-two millions of policies, that were making special efforts to stimulate their policyholders to personal and public hygiene; that there was another group of four companies which advised impaired applicants for insurance as to their physical condition and made suggestions to aid them. Another company provided for free periodical medical examinations of its policyholders. Another had formed a health association among its members. The Presidents' Association itself opened a forum a few years ago for the discussion of things intended to prevent disease; and papers were read by Professor Fisher of Yale, Dr. Foster of the *St. Paul Medical Journal*, Dr. Wyman, Surgeon-General of the United States Health and Hospital Service, Dr. Rosenau of the Harvard Medical College, Dr. Foster, Health Commissioner of New York State, Dr. Doty, Health Officer of New York City, Dr. Wilbur of the Census Bureau, and Dr. Dwight of the New England Mutual Company, on such subjects as the "Economic Aspect of Lengthening Human Life," "Increased Longevity of Policyholders," "Work of the Federal Government in Health Conservation," "Preventive Medicine," "Fight against Preventable Diseases," "Modern Sanitation," etc. The American Life Convention had addresses by experts on "Forces Against Mortality," "Mortality from Diseases of the Kidneys and Circulatory System," "The Short Life History."

A Life Extension Bureau has been formed, patronized by several companies, which examines insured persons and communicates the results to the family physicians, the cost defrayed by the companies. One life insurance company has thus had examined eight thousand of its policyholders.

One company with nearly thirteen millions of policies in force has issued large numbers of pamphlets and leaflets on health and disease to its policyholders and has an expert constantly studying morbidity from many points of view, especially occupational diseases, and publishes the results.

Another company, with nearly fifteen millions of policies, has an elaborate system of education and of fighting disease and ameliorating sickness. It has circulated over thirty millions of pamphlets in several languages upon such subjects as "Tubercu-

losis" (six millions), "Care of Children" (two and a half millions), "Teeth, Tonsils and Adenoids" (same number), "Health of the Worker, Care of Babies" (five millions), "Milk" (five millions), "Flies and Filth" (five millions), "Smallpox, Typhoid Fever, Scarlet Fever," and has distributed thirty-four millions of paper drinking-cups. It exhibits health educational booths at county fairs, as many as 125 in a year. It assists health officers in clean-up campaigns in over 150 cities. It has helped the authorities to enforce housing laws, distributed ballots on votes for municipal sanatoria, coöperated with anti-tuberculosis societies, agitated in legislature and among health officers for systematic and accurate vital statistics. Its most remarkable work on lines of health is a system of furnishing free the service of trained nurses among sick policyholders, whose visits number a million a year; the nurses attend the sick and give instruction to the families in hygiene. The company has built a sanatorium for tuberculous employees and is building a rest house for convalescents from other diseases. The sanatorium is a center of study of the White Plague, its prevention and cure, and carries on correspondence and reciprocal visits with like institutions. Of the number treated, including those still in the institution, it has discharged as cured (or "arrested cases," as physicians say) 25 per cent. in two years' work, although over 8 per cent of the cases sent were far advanced, 61 per cent. moderately advanced, and many are still under treatment. Altogether the company spends more than a million dollars a year in welfare work. The company medically examines its seventeen thousand agents and employees annually for the discovery and treatment of incipient disease.

The service which life insurance performs to its patrons—outside of its function of paying death claims—and to the community generally is no doubt in its infancy. The pioneers expect and hope for followers. The lines of its services may take new directions and go to further lengths. The business of life insurance is expanding wonderfully. The ambition of its managers is to furnish protection to all of the healthy population, and many of those, who, though impaired, are insurable as sub-standard risks. If one in five is now insured, why not four in five! Looking at the past growth of the business, is there any limit to its increase! Why not look to the time when the people shall perform service to themselves, through the instrumentality of life insurance, a service covering health in life, care in sickness, indemnity in death, sanitation in community life, the financing of home-owning, of public utilities and civic conveniences—a service resulting from such wide-spread coöperation that it may be called a New Socialism!

For it is instructive to note that of the forty millions of policies now extant, nearly thirty-five millions are in mutual companies.

SERVICE PERFORMED BY LIFE INSURANCE
COMPANIES

BY T. L. MILLER

President, West Coast-San Francisco Life Insurance Company

Environment and association, temperment and sectional needs are among the elements that influence and determine the viewpoint from which we unconsciously first consider a given subject, hence the wide divergence of individual treatment. It is indeed a wise and discerning Director General who from the results can recognize the topic which his brain fathered.

Not only is this condition natural, because the man whose life work and personal experience has run along lines of order, precedent and convention can see nothing but anarchy or rather heresy in the views of the pioneer by temperament and practice, but it is valuable for the reason that in a happy medium between extremes lies the channel through whose sinuous windings the Life Insurance craft must work its course.

To me, a pioneer by birthright, temperament and by practice, the afternoon's topic means not so much future as past service—service not alone to policyholders but to geographical divisions of this country, to communities and individuals and interests alike. It means not so much the service rendered the cause of Life Insurance by the scout or the torpedo boat, or in other words, to me the topic really is: "What part have the younger companies assumed, and in the future will assume, in rendering that service upon which all business to-day is predicted?"

For a moment put yourselves in the place of the Executive of a new company, the offspring of local pride and Home Industry feeling—the first-born of men and interests that perhaps are still under the glamor of an hypnotic prospectus, and who asks himself this question: "To what use, and in what way are the forces available to be used to the best advantage?"

Systematic, conscientious, thoughtful study shows his competitors intrenched—great in size, in reputation, in demonstrated results—and with men who would be of the greatest value to him as teachers and trainers of others tied hand and foot by renewal equities.

Probably all we pioneers travel the same trail of thought, along the same cliffs where a misstep means oblivion, and from the almost universal adoption of the same policy reach the same general resting place—the offsetting of ingenuity, of new and attractive ways of presenting our wares against the conventional, innovation and betterments against money and age, liberalization against precedent—in a word, the substitution of the motto, "Because it is now,

per se, it is not wrong!" for the motto "My dear fellow, really, it isn't done!"

To the fact that the pioneer must lay and clear his own trails is due the easier grades and smoother roads the insuring public is following to-day.

To the needs of the young company is due, after years of criticism and argument and effort, the recognition by authorities of the soundness and justice of the preliminary term method of valuation and the incorporation in some form or other of this recognition in the statutes of most of our States. On this stone, in large part, is builded all the rest, because it is the principle that the new business written each year should pay the cost of procuring the same, that makes the new company possible.

To competitive conditions that could in no other way be met and overcome is due in major part the progress and advancement in the simplification and liberalization of policy contracts, of which the insuring public gathers the benefits. I say in "major part" because, while it is true that the growth of public sentiment towards a higher standard of responsibility in the relations between the public and corporate interests has exercised no little influence, it was stronger and more quickly effective by pointing out a business opportunity to be grasped than as a moral requirement to be met.

Place side by side life insurance policies in vogue during the last ten years of the last century with those of the first decade in this; compare their clarity and simplicity; their relative non-forfeiture methods and values; their dividend privileges; weigh the total disability provisions and the accident and health features of the one with the restrictive provisions of the other. Are further arguments as to the facts needed? No! yet probably to your minds may come the question: "Why should one assume that such work was initiated by the young rather than the old, since both participated?" The answer is as simple as the facts and opportunities were plain.

Mobility and closer touch were the determining factors, because the Executive of the vigorous, aggressive, young organization, with his mind and time more largely free from the demands of volume and age and policy, and with the incentive to production removed from the larger company by legally restricted, annual, new-business limits, was in more intimate personal touch with insurers and his business, dealing with conditions and needs as individual, separate cases, rather than by classes and pre-established rules, and more nearly acquired the standards of the general public, saw with its eyes and thought its thoughts. Popular tendencies of thought and action offered to him not academic consideration and discussion but business—dollars and cents—opportunities to be grasped, and used in advancing on his "dug in" competitors.

Side by side with the improvement in the contractual rela-

tions between Public and Company ran equal liberalization and benefits along economic and financial lines.

Again, the Executive of the young ambitious, growing company, with his ear close to the ground, heard the murmurings and whispers of an awakening public, grasped their meaning, which perhaps the public itself had not yet fully realized, and the longed-for opportunity it offered, and responded.

Once more he began to offset one advantage against another—to make strength out of weakness—to supply an insistent and increasing need by preaching the doctrine: “Keep your money at home.”

In the younger, more scattered and ambitiously striving communities, the appeal was to waiting and receptive ears; the response equally prompt. In the West, especially, where communal development waited only on financial ability, the doctrine became almost a sacred one. Tabulation of premium payments to companies of other States took the place of other business, getting reasons why, with the result that such companies, foreign to these Western States, awakening to possibilities imminent and in some cases in spite of State Laws, difficult of accomplishment, re-organized their methods. Local industries began to benefit from broader financial opportunities. Not only were the modest accumulations of young, local companies, in good faith, applied to the development of home institutions and industries, but these larger holders of insurance accumulations, again under competitive influences, loosened their purse strings, and once more did entire geographical divisions, to say nothing of smaller communities, owe their broader benefits to the service performed by the young Life Insurance Company.

Continuing the consideration of services of the past, and in the future to be performed, we come to certain psychological and broad general services which again it has fallen to the lot of the young companies to perform.

With those of you who in the past, from the very nature of things, have found it impossible to have your fingers closely upon the public pulse, the assertion may come as a shock or as an unfounded absurdity when you listen to the statement that the organization of the young companies more than any other influence divested the public mind from a slowly chrystalizing belief that if ever there was a so-called “trust” the concentration of this business of ours in the hands of a few companies had that semblance, and I am not alone among those who studied the unconscious and perhaps uninformed thought tendency of the public mind towards communal, State or National protective measures and insurance carriers to recognize this. The coming of the local company did most to undo the growing disfavor and suspicion with which the gathering of funds from the many sources for investment in a favored centre was viewed, and since its advent has brought about the hoped for results, let this service, too, be

credited, as one already rendered and one to be rendered in the future.

Since in numbers there is power, and since almost every State and Territory in those re-United States of ours domiciles one or more local company, their united influence, exercised through the close association which exists among them, has been towards national education and uniform, sane legislation. Its widely scattered ranks have proven a constant and efficient line of pickets, watching carefully and closely proposed legislation, initiating only such laws as were essential to the welfare of policyholders, opposing such as were "class" or biased, they have stood for good laws and uniformity of enactment and method.

The general public, by reason of this same wide distribution of its local companies, with their many thousands of interested stockholders and agency representatives, has been educated to clearer and more correct views of life insurance, and has been brought into closer touch not only with the great principles underlying the business but to a nicer discrimination of its practical application and of the broadening methods of the companies throughout the Union. To this unobtrusive, though never-ending education largely is due the growing popular appreciation of life insurance as an economic, social and educational factor of inestimable value.

To the mind of the temperamental Pioneer, therefore, comes the conviction that to the competitive influence of the young companies, subtly and conscientiously working to the end of attainment, ever sleeplessly alert for opportunities to advance, possibly their selfish interests, but nevertheless manfully to measure up to the responsibilities, moral and financial, resting upon them, may directly be credited these services—to the business, the policyholders and the world:

1. (a) Simplicity and clarity of contract.
(b) Liberalization and broadening the scope of protection under one policy.
(c) Flexibility in meeting contract conditions, and local financial needs.
2. (a) Picketing the danger line of thoughtless or selfish or hazardous or "freak" legislation.
(b) Calmly and in full appreciation of approaching and changing economic conditions, initiating only such movements as were for the general good of the policyholder and the community, and standing like another "Stonewall" against the advance of anything else.
3. Directly and through their example, blazing for others to follow the investment trail to far lands and sections waiting only this help to spring into world usefulness.

4. (a) By their being and activity and the hope and confidence granted to them at home, they did more than any one other element to divert the "Trust" idea growing up throughout the land.
- (b) To delay, if not entirely to divert from the people and the business, State or National insurance with all the uncertainties and possibilities of such a movement.
5. Their intimate personal association and touch with the people, applied homeopathically, if you will, but direct to the patient, not in a few communities, but all over this broad land of ours, wherever is domiciled one of the two hundred or more young, local companies, has tended towards a fuller appreciation of life insurance as a communal as well as an individual factor than before existed.

Upon the services of the past, I have commented, superficially, touching only upon a few among many.

Of the future, it may with certainty be said, they will be like unto the past. To claim otherwise is to assert that all the conscientious effort to measure up to responsibility, that all the insurance ingenuity and brains, will pass with this generation, because as the Pioneers of to-day gain in age and size and importance and with these conditions, acquire greater love and respect for the "flesh pots of Egypt," a new generation, equally virile and ambitious, will be facing their problems, exercising their ingenuity, rendering their services to the cause, because, unpopular as its recognition sometimes is, "Youth must be served."

SERVICE PERFORMED BY CASUALTY AND LIABILITY COMPANIES

BY DAVID VAN SCHAACK

Director, Bureau of Inspection and Accident Prevention, Aetna Life Insurance Company

Mr. Chairman and Gentlemen: It is very gratifying to me to have this opportunity of addressing you to-day—gratifying to me personally because I can properly devote the greater part of my time to a branch of my subject in which I have long taken the keenest interest, gratifying in a larger sense because the selection of the subject as a whole gives convincing evidence of how the full range of insurance as a social force has now come to be appreciated.

The economic function of insurance, the fundamental idea which was originally its basis and which remains so, has long been clearly understood. A proper distribution of financial risks is of neces-

sity the very basis of all insurance. To a realization of the need for such distribution the idea of insurance owes its origin. If it were not for the feeling on the part of society at large that calamity in general—whether due to the elements, to the immutable laws of life, to the hazards of existence, or to the frailties of mankind—can best be cared for by dividing the cost of each calamity in particular among as large a number as possible of the members of society, so that it will not fall with crushing effect upon one, there would be no sufficient reason for the existence of the great business of insurance in all its many ramifications.

This feeling, originally entertained nearly three thousand years ago in connection with the manifest perils of traffic by sea, has spread by degrees, and of late with astonishing rapidity, until now it is applied to every imaginable possibility, and even to some possibilities which give the imagination a rather severe strain.

It would seem that this distribution of the cost of calamity would of itself fully justify the existence of insurance as an essential factor in society's well-being. And undoubtedly it would be so considered were it not for the broader and better view of the functions of insurance which has gradually come to be entertained and which is now increasing so rapidly in its application.

It is especially gratifying to insurance men to feel, and be justified in feeling, that this broader and better view owes its origin in large part, if not wholly, to insurance itself and not to the constraining influence of any outside impulse, legislative or that of more informal public opinion. The idea of social service as a function of insurance, that social service which goes beyond indemnification for loss and all which that accomplishes, both directly and indirectly, is a natural outgrowth of indemnification, or, more accurately, of the underwriting which makes indemnification possible.

This statement should not be taken as belittling the social service which is a direct and inevitable result of indemnification, and which is so manifestly of prime importance. It is a popular fallacy that the greatest social service in this respect is performed by fire insurance, but careful consideration of the facts, so far as they are scientifically available, would tend to show that casualty insurance has a larger function to exercise in even this field. The loss of time occasioned by accident and illness is greater than the property loss occasioned by fire, large as that regrettably is.

So far as the beneficial possibilities inherent in indemnification for loss are concerned, casualty insurance need yield to neither fire nor life in its power for good, that power which not only indemnifies the individual for his personal loss, but which tends to prevent his inability, temporary or otherwise, to contribute his share toward the creation of wealth, with all its attendant benefits, from becoming a direct drain upon society.

It would be superfluous, before an audience of this character, for me to go further and dwell in detail upon the positive side of

this apparently negative service performed by casualty insurance—how it aids the injured or sick man to return to his field of activity, how it continues to such a man's family the opportunities for advancement and improvement which otherwise they would so often be apt to lose.

There is a social service of even deeper significance to which I think attention should be especially directed, and it is that which I had chiefly in mind when I said that the idea of social service as rendered by insurance is a natural outgrowth of insurance underwriting. This particular service is evidenced by the capacity of insurance companies, and I think I may fairly say especially casualty companies engaged in liability and Workmen's Compensation business, to act as agencies of conservation.

It has been a somewhat prevalent custom, in some quarters at least, to consider insurance as peculiar among businesses, but, strictly speaking, no sound basis can be found for such a view. Insurance may, and does, enjoy greater opportunities generally for rendering social service than are possible to other businesses, and it cannot but be gratifying to insurance men to know that such possibilities exist, but the realization of these opportunities can, and does, proceed only from the proper conduct of insurance as a business.

Combined business and profession as it is, insurance is just like any other business. To justify its existence, its operations must be so conducted that a reasonable profit shall accrue, and at the same time its product shall be available to the consumer of it at the lowest price consistent with its quality. It is this very principle of all business that is making insurance one of the greatest factors in conservation that the world has ever known. To put it plainly, conservation is good business. It conduces to economy of production, in insurance as in any other phase of industry. Economy in the making of insurance is just as essential to insurance holding its own as it is in the case of any other product. No matter what a product may be, insurance or anything else, the consumer will not use it and continue to use it unless it is produced as economically as good quality will permit. Products are just as subject as men to the law of the survival of the fittest.

It is only natural, then, that insurance companies should have turned their serious attention to the effort toward conservation, toward elimination of unnecessary waste, whether of life, or limb, or property, or what not, which is already making them such vital factors in some of the most important fields of real social service, and which cannot fail inevitably to lead to a wider sphere of usefulness for them, both directly and indirectly.

The ways in which this social service is being rendered are so manifold that the subject in general is very properly receiving an entire day's attention at this World's Insurance Congress, and, most fittingly, thus early in its sessions. They are also so inter-related that it is difficult in many instances to segregate the

service rendered by one class of insurance from that rendered by others.

I doubt, however, if any branch of this service is more significant at this time, or more pregnant with future possibilities, than that one feature of the service rendered by casualty and liability companies upon which, with your permission, I should like particularly to dwell, namely, their accident prevention work.

When we consider the vast army of industrial workers in this country, the importance to social betterment generally of an earnest, systematic and scientific effort to reduce to the minimum the accidents which hitherto have been considered inseparable from industrial life can readily be appreciated.

Ever since Employers' Liability insurance began to be generally written in this country casualty companies have been fully cognizant of the great waste caused by industrial accidents, a waste which not only reflected itself in a disproportionate loss ratio to the companies, but was a tremendous drain upon the greatest asset of any nation, the brains and brawn of its people. Insurance men recognized clearly that this waste in considerable part was unnecessary, under proper working conditions was avoidable. They saw the importance to workers, to employers, and to society, as well as to themselves, of preventing this avoidable waste, so far as might be possible, but they could not make others see it as they did.

Actuated, to speak frankly, by the purely selfish desire to maintain and extend their business through offering liability insurance at a price which employers would be willing to pay, and, through keeping losses within reasonable limits, to derive from this business the fair profit which any business should afford, several of the more far-seeing companies maintained from the very time of their entrance into the liability insurance field expert inspection departments, through the agency of which the causes of preventable accidents were brought to the attention of employers and the means of eliminating these causes urged. But under the Employers' Liability laws results were discouragingly slow in accomplishment.

This was due partly to the apathy of many employers as regarded accident prevention, partly to the short-sighted policy of some insurance companies in eagerly striving for business at any price, but chiefly perhaps to the fact that the widely varying payments which had to be made, under Employers' Liability laws, for the same kinds of injuries made it impossible for insurance to be placed upon that definite basis which would enable it to offer employers sufficiently tangible inducements to accident prevention activity.

The wave of Workmen's Compensation legislation which has been sweeping over this country during the past few years, however, marks the beginning of a new era in insurance relating to industrial accidents. The fixing of compensation by such laws, so

far as compensation can be fixed in advance, and the certainty that payments of compensation will go where they belong, wholly to injured workmen or their dependents, in no part to parasites, offer insurance companies an opportunity to give due credit not only to the employer who has not had as many accidents as others in his line of work, but to him who takes precautions in advance to keep from having accidents.

It is in availing themselves of this opportunity to the full extent possible that casualty insurance companies are rendering what I believe may fairly be termed the greatest social service yet performed by insurance in any of its many fields of activity.

The influence which the merit system of rating compensation risks, a system originated by the company with which I have the honor to be connected, and now generally used, is exercising in promoting the cause of accident prevention cannot fail to be at least as potent and far-reaching as any other, and I believe will be more so than any other. Rating a risk according to its individual merits as regards accident prevention provisions, physical and otherwise, touches that most sensitive spot, the pocket-book, and it does far more than this. It points out dangerous places and conditions which long familiarity or lack of knowledge have tended to obscure, and thus leads to the remedying of them.

It is not disparagement of the work in stimulating accident prevention interest and activities done by humanitarian individuals or societies, by single employers or associations of employers, or by State authorities, to emphasize the indisputable fact that insurance companies come into direct touch with many more employers than any one other agency or group of agencies, perhaps than all others together, and therefore have the greatest opportunity of forwarding accident prevention, and thereby rendering a real social service of far-reaching range.

How far-reaching this range is can best be appreciated by considering what industrial accidents mean and what their prevention effects, both from the moral, the humanitarian standpoint and from the economic one.

Viewed from the economic side, whether broadly or narrowly, the value of accident prevention is unmistakable, to employees, to employers and to society at large. The cost of accidents is not measurable in terms of the money paid out in compensation or damages. Great as this is in the aggregate, it is only a part of the drain upon created wealth which results from accidents, I might say but a small part.

When a workman is thus withdrawn from the wage-earning class, there are, sooner or later, many other calls upon accumulated funds. The economic balance in the workman's home is disturbed. There is medical expense, possibly the cost of hospital care, possibly, too, the expense of litigation. The injured man may have to be supported in his old age. It may be necessary to care for dependents, even beyond what compensation or damages may

do. In one way or another there is sure to be a demand that the loss caused by the worker's inability to continue doing his full part in the world's work be made up. It is immaterial how this demand is met, whether by the worker's own savings, by mutual benefit associations, by insurance, by public or private charity, by taxation, there is economic waste.

This economic waste is evident, too, in another way, which comes closer home to the employer, and through him to the consumer, society, but which also affects the workman. This is in the diminished efficiency of the plant. An accident distracts other workers in the vicinity, stopping their productivity for the moment and curtailing it for some time. Productiveness is also diminished while the place of a man temporarily disabled is held open for him, or a new man is being trained to take the place of one permanently disabled. It costs money to train a new man for a job, and to pay for the defective work he turns out and the scrap loss he causes. This cost must be first met by the employer, but eventually society and the employee must bear their full share. Any drain upon the employer has a direct bearing upon them.

Most important of all considerations on the economic side is the part which accident prevention plays in conserving that greatest asset of any nation, its people. If we should conserve our forests and our water power, how much more essential that we should conserve the productive power of the community, both present and future. I use the words present and future advisedly, for industrial accidents not only destroy or curtail the working power of the injured men themselves, but through putting the next generation to work at too early an age, they impair the generation's usefulness, physically and mentally, throughout life.

The social service resulting from accident prevention goes far beyond mere economic consideration, important as these unquestionably are. By eliminating pain suffered by injured men and their possible lessened enjoyment of life, by diminishing the misery of the world, accident prevention is performing a plain duty which admits of no argument, is rendering simple justice. Industrial accidents, so far as they are avoidable, are not merely a grave reflection upon our economic wisdom, they are shocking to our moral sense.

Big as it is in itself, accident prevention is leading, moreover, to other forms of social betterment. Recognition of the waste involved in industrial accidents soon opens the way to recognition of the waste inherent in illness and in the lack of proper living conditions, and to a search for the remedies for them. This is clearly evident from the efforts now being made by many employers, notably by some of our large corporations, to eliminate causes of disease, general as well as occupational, by assuring suitable supplies of water, milk and other prime necessities to the families of their workmen, and by offering scientific instruction in the preparation of food, to reduce the consequences of illness

through the visits and advice of competent nurses, to furnish good housing facilities, and social opportunities, and to encourage the development of cheerful gardens and other surroundings.

By bringing employer and employee into that coöperation without which the full measure of attainment is impossible, accident prevention is forwarding industrial betterment generally and is rendering, indirectly as well as directly, social service of the highest value and in many directions.

There is nothing which does more to bring men to a clearer understanding of each other in all ways than for them to meet face to face and work shoulder to shoulder in one way. This, I think, is what accident prevention is undoubtedly doing for the general betterment of society. Employers who become really interested in accident prevention do not stop there. Better working conditions in every way follow inevitably upon a genuine safety campaign. And the interest extends beyond the confines of the industrial life proper.

It is the same way with the employee. The direct relationship with the employer into which accident prevention activities bring him, the feeling that he is an active participant in the movement as well as a beneficiary of it, give him a clearer view of the whole betterment idea.

Given one common ground of contact, others are bound to follow. Differing viewpoints come to meet with more and more consideration, and in time to differ less and less. There arises, slowly perhaps but surely, an increasing appreciation of rights, benefits, happiness and welfare. The seeds are sown for an enduring industrial peace, and for a united effort in every possible field of betterment which cannot help approximating eventually, in industry and beyond it, some degree of realization of the spirit of social coöperation, of the principle of the brotherhood of man.

No man connected with casualty insurance can fail to take genuine pride in the notable part which insurance, through its promotion of practical accident prevention, thus has in the rendering of social service, or to look forward with eager expectancy to the broader opportunity which will come when occupational diseases are universally brought within the scope of Workmen's Compensation laws and when sickness insurance becomes general in industry as well as elsewhere.

There is cause for the liveliest satisfaction in the thought that by the natural and proper conduct of our business we are able to be of social service of inestimable value to the world.

SERVICE PERFORMED BY LIFE INSURANCE COMPANIES

“Life Insurance—What, Whose, How?”

BY CHARLES W. SCOVEL

Former President, National Association of Life Underwriters

Mr. Chairman, Ladies and Gentlemen: It is a very great pleasure and honor to be in this presence, and have the privilege of addressing you. This morning's session brought to you the stories of the service of life insurance from the representatives of the old and the new companies. I come to the Congress as the representative of The National Association of Life Underwriters, a voluntary body of agents of all the companies of standard class. I am not going to talk about life insurance companies, but about life insurance. I have taken for my topic “Life Insurance—What, Whose, How?”

The programmed topic, “Service Performed by Life Insurance Companies,” has been fully discussed by the two distinguished speakers we have just heard. What I have to say has its place under that topic, because the good of society demands that this mighty service, which life insurance alone can render, shall as speedily as possible be spread throughout the entire population; and because the spread of that service is bound to be sorely hindered and delayed, just so long as intelligent men generally (and the mass of life insurance men themselves) fail to realize and apply certain broad, fundamental facts.

This is to be a plain, practical talk about these fundamental facts. They may be grouped under the title—“Life Insurance—What, Whose, How?”

What is life insurance? The habitual view, from without or within, regards it as merely a business. A big business and a highly useful one, of course; but not fundamentally different from other important and useful lines. Habitually it is viewed as though it were, like them, a business owned mainly by the men in control and operated mostly as they please and largely for their own profit; a business in which there is bargaining and selling, making and losing, prospering and failing, pretty much as in all the rest.

Far be it from me to deny that life insurance is a business. On the contrary I glory in that very fact as being absolutely indispensable to its social worth and practical efficiency. Its social worth lies largely in the fact that it stands squarely on the business basis of value given and received. Its benefits are applied for and paid for by manly men, desiring to fulfill their own obligations. It is free from the pampering, pauperizing effects of private philanthropy or government paternalism. By no mere

accident does Uncle Sam carry 17 per cent. more life insurance than all the rest of the world combined. American manhood and American life insurance belong together; have grown great together. They both mean business—and that means independence, initiative, self-respect, duty done and obligations met.

Its practical efficiency, also, is attained by life insurance precisely because it follows strict, up-to-date business principles and methods in its organization and operation; and because it is striving to reach all the people by the only practical means to that end, namely, through an army of agents who themselves mean business and do business.

Yes, life insurance is a business—and proud to be. But it is one that is fundamentally different from any other business—even from the other forms of insurance with which it has so much in common. These fundamental differences have such important practical bearings that they should be just as much matters of common knowledge as is, for instance, the distinction between the savings bank and the commercial bank. For these distinctive, basic facts are the very thing that give life insurance its unique stability and permanence and its peculiar fitness and capacity to serve all the people.

First and foremost, life insurance is a science. Not merely scientific, or making use of science. It literally *is* a science. It is science, just as the modern sky-scraper, from foundation to cornice, is steel. It is an applied science, a natural science, the application of Nature's law of mortality, as astronomy is an application of her physical laws. The law of death that gives us aggregate certainty to counterbalance our individual uncertainty, is one of the universal natural laws, ranking with the law of birth that balances the sexes, or the law of gravitation that balances the spheres.

Here let us note a very common error. The actual subject matter of this science is not, as so commonly thought, the law of average or the doctrine of probabilities. These are general principles of mathematics, used in many fields, and by no means peculiar to life insurance. They are the tools by which the steel of the mortality law has been shaped and erected into the structure we call life insurance. Actuaries and text-writers, expert in using these tools, often talk so long and learnedly about them, as to make very many people entirely overlook the actual steel. The actual stuff of which the science of life insurance is made is not a law of mathematics, but a law of nature. That is what gives it its most decisive distinction from all other lines of business.

This law of nature was discovered in 1693 by Dr. Edmund Halley, Astronomer-Royal and co-worker with Newton in publishing the law of gravitation. It may be broadly stated thus: In a large group of lives of the same age, the number of deaths per thousand climbs up year after year in a normal, measureable curve, with a longer upward step from each year of age to the

next. By it we are enabled to know to-day the maximum number of deaths to be provided for in each successive year until all have died. With this fore-knowledge it is a mere matter of compound interest and mathematics to figure out, first, the sinking fund that will provide for all these fore-known deaths as they occur, and then the proper share that each life, insured at this or that age, must pay into that sinking fund.

Life insurance at bottom is as simple and precise as the working out of an issue of serial bonds, planned to mature so many a year for so many successive years. Which particular bonds are to be paid in a given year has nothing to do with the problem, and is unknown to any one until decided at the time by lot. How many and how much are to be paid every year, is all that needs to be known, in order to have the required amount ready in the sinking fund on schedule time. Just so in life insurance. Every death is the maturing of a bond—one of the number planned to be paid that year, with their total amount got ready in the sinking fund just in time for death to cast the lot that singles them out. And so it goes on year by year—each age-group climbing up the curve of mortality and dwindling away, as each year's call retires an ever larger proportion of the outstanding lives, until the last of that issue is called.

Of course, the operation of the law of mortality, as of all natural laws, is modified by other forces brought into play by varying conditions. Water boils at one temperature on the seashore and at another on Pike's Peak. Halley's comet on one trip ran too close to two planets that he had not thought of, and so came in over a year late. But even that variation was long predicted by a later astronomer; and, anyhow, the comet promptly regained its gait and in 1911 was again keeping the seventy-sixth-year schedule that Halley had figured out in 1682. In like manner, the mortality law whose curve he was the first to figure has worked out in practice through the generations since. Its variations have always kept within the advance calculations of the actuaries, who have unceasingly studied its operation and application among all sorts and conditions of men.

Thus has evolved the great Science of Life Insurance, which dictates and dominates the daily practice of life insurance among all the nations—that science, complex but coherent, bringing unity out of variety, which calls in the best brains of medicine, finance, law and business to aid in its task of uniting thousands and even millions of lives in a single corporate organism, with countless age-groups and policy classes and divisions by years of entry and other groupings; that science which, amid all this diversity, justly proportions the payments of each individual and maintains his equities in sinking fund, profit sharing, privileges and proceeds, while at the same time husbanding the great common fund and working out the great common purpose to the best advantage of all.

Now, the practical bearings of this first fundamental fact, that

life insurance is a science, are varied and vital. The keystone of that science is its positive fore-knowledge of future requirements. The cornerstone of its established practice is, "Safety First." Three main results are these:

First: The certainty and safety that are peculiar to this business-science. In its normal workings there is no risk or hazard; the very phrase "death loss" is out of place. A death, as we have seen, is not a loss, but a maturity—the fore-known due date of a sinking fund bond; a bond, moreover, that is certain to be called sooner or later. The other forms of insurance, though resting on formulated experience and wide distribution of risks, have no such basis of natural law; and as for ordinary business, it depends for success or failure almost wholly on the personal judgment and experience of its managers, and has to take serious chances all the time. In the science of life insurance, as in astronomy, chance is banished and the factor of human error reduced to the vanishing point. There are scientific rules to govern daily practice in all important respects; the management has only to follow the rules to be absolutely safe.

Second: The stability and permanence that are peculiar to this business-science. It has been under the sheer necessity of developing stability and permanence to the highest degree possible in human affairs, because of the long vista of years it must keep in view. The deposit made to-day by a young man may take a hundred years to reach its final goal in the hands of a grandchild yet unborn, having meantime helped to provide life incomes successively for his wife and his daughter. For one hundred and fifty years past life insurance has been the world's one specialist in financing its obligations a life-time ahead. Part of that job has been to devise and develop the best possible system and machinery for investing the long-time sinking fund that forms the great bulk of its assets. No other business has to handle its daily transactions and investments with the distant future thus ever in view. Its own permanence cannot even be questioned. No revolutionary discovery or invention can ever displace the material it deals with; that is human life itself. Nothing whatever can arise to supplant its own basic processes; they are simply God's law of human life-time harnessed to human needs.

Third: The equity and impartiality that are peculiar to this business-science. In its essence, it is mathematical, impersonal, impartial, dealing with individuals (once they are admitted) only as fractions of the group. In its practice, it is an exceedingly complex machinery with interlocking parts and interdependent functions; it must stick close to its fixed rules of operation to keep running smoothly at all. This does not imply perfection, of course, but it does mean that the very nature of the science and its practice powerfully and continuously operate to prevent, discover and remedy any breach of its own sound rules and principles. No other business whatever, nor any of our social or political in-

stitutions, has any such indwelling scientific force, continuously operating to safeguard its workings against human frailty and error. The only possible parallel is the indwelling divine spirit of the Church. The principles and rules of life insurance science fix the same terms for all, the one thousandth man and the hundred thousandth man alike, without bargaining or dicker. Throughout the process every individual's rights are secured to him and his; but only if he meets his corresponding obligation, so that the rights of every other individual may be secured. Life insurance is the scientific incarnation of the square deal; the one practical example of pure democracy that man has yet worked out on a large scale.

Nor is this all. Back of its business front, breathing the life into its scientific organism, life insurance is a coöperation. It is a coöperation actually and fundamentally—not in some vague, general sense, but in the full literal meaning of the word.

Here we reach the core of the subject and find that our two questions, "What" and "Whose," converge to the one great central truth. What is life insurance? Not merely a business or a science, but a coöperation. Whose is life insurance? It belongs not merely to those interested as officers, or stockholders (if any), or agents; but far more to its policyholders. It is as a coöperation of policyholders that life insurance lives and moves and has its being. The policyholders are the real owners.

This is no fine-spun, fanciful assertion. It is bed-rock fact. Life insurance does actually belong to the policyholders. First, because they make it. It is not made by the company and then sold to them. If a new company opened its doors to-day—with a full array of officers and agents, policy forms and literature, and ten millions of gold in its vaults—and in the first week or year placed five standard policies for a hundred thousand each, it would not have one single dollar of life insurance in force. It would simply have made five bets on the length of five lives. Life insurance is only made by the pooling together of enough lives for nature's law or mortality to work out its averages. The lives actually insure each other; the company (whatever its form of control) is only the central bureau through which they do so.

This is the scientific fact and the legal fact, too. The law would not allow our supposed ten million dollar company to open its doors until it already had applications for policies on the required number of lives, to be put in force all together on the opening day. There must be enough lives to insure each other before there can be any company. And every new policyholder, in the very act of adding his life to the others, helps make his own insurance and theirs, too. Thus the policyholders, old and new, are at once the raw material, the joint producers and the consumers of life insurance. No such coöperation exists elsewhere. In other coöperative concerns the members pool their money and

their custom; here they pool, also, their lives and their joint title to the benefits of God's law, which none may claim alone.

Again, the policyholders are the real owners of life insurance because over 97 per cent of the total assets belong to them. The company (whatever its form of control) is only their trustee to collect, invest and distribute that money. This also is the law and the fact. Of the total assets of \$4,935,000,000, held by the 250 companies January 1, 1915, nearly 84 per cent is the legal reserve held for the whole body of policyholders as required by science, law, and contract; nearly 3 per cent more is dividends and policy proceeds held at the order of individual owners; and over 10 per cent is made up of special reserves set aside and the general surplus of purely mutual companies. Besides this 97 per cent definitely held for them, the policyholders own an undivided interest in another 1 per cent, the general surplus of stock and mixed companies. All the stockholders there are own less than 2 per cent of the total assets, including their own paid-in capital stock, which is a little over 1 per cent. The remaining 1 per cent covers the miscellaneous current liabilities.

These figures are for American life insurance as a whole, and show the policyholders to be the actual, lawful owners of all but a trifling percentage of the entire five billion dollar assets. Taking the stock and mixed companies by themselves, still the proportion owned by the policyholders is enormously the greater. Even taking the younger, non-participating stock companies, where policyholders own nothing but the legal reserve, that fund itself exceeds all the rest after the first few years and keeps steadily increasing its lead. The purely mutual companies without any stockholders bulk largest, holding over 72 per cent of the total assets—or 83 per cent, if we include, as we should, one company which for ten years has been substantially mutual and has recently announced its intention to become wholly so.

Taking the business again as a whole, last year the total dividends, or refunds, to policyholders were 108 million dollars, as against $2\frac{3}{4}$ millions to stockholders; $97\frac{1}{2}$ per cent, as against $2\frac{1}{2}$ per cent. The return to stockholders on their own capital was only 5.06 per cent. Such a rate cannot be called profits at all. It is merely interest on money invested, and a very low rate for the risk involved, as is shown by the large proportion lost, or spent, of the money invested in many new companies. Among the older companies, large fortunes have been made by stockholders in but a few exceptional cases—absurdly few as compared with any other important line of business. Viewed as a whole from any angle, it is perfectly plain that American life insurance is not to be classed as an ordinary proprietary business, owned by stockholders and run for their profit. The great bulk of it has no other owners or profit-sharers but the policyholders themselves, and the remainder only pays its stockholders on the average a low interest on their own paid-in capital.

Historically, the mutual idea has dominated the development of American life insurance, as in no other country. The oldest company, dating from 1759, and the eight next-oldest, dating from 1843 to 1849, are all purely mutual. While stock management has done much to devise aggressive methods of reaching the people and to extend the scope of the service offered, the purely mutual idea of life insurance has from the earliest days been the vital influence in helping it to realize more and more fully its own ideals as a science and a coöperation; with the result that the policy privileges and liberal practices of all our companies have been for many years, and are to-day, surprisingly far advanced beyond those prevailing in England and elsewhere, though our premium rates run somewhat lower. While evils and abuses have, of course, crept in, they have never been really as dangerous as they looked, from the outside. And now the inner, vital forces, working for the true ideals, have resumed full control in all the important companies, have, indeed, become distinctly stronger than ever, through the ten years of progress beginning with the New York investigation. That storm of indignation throughout the land showed that the people themselves vaguely, but deeply, sensed the great truth that a life insurance company is not merely a business concern, but essentially a trustee for its policyholders.

Highly significant here is the voluntary mutualization so recently completed by the two largest industrial companies and now proposed by the remaining one of the "Big Six." These six American companies alone had in force on January 1st, 25 million industrial and 5 million ordinary policies for a total insurance of over \$12,300,000,000—exceeding the total of Great Britain and Ireland, Germany, Austria-Hungary and France, all combined. Their truly imperial size shows how fully the science of life insurance has solved the practical problems involved in caring for millions of people as members of a single business organization. And the voluntary retirement of the stockholders of the three companies not already purely mutual—a thing wholly without parallel in any other business—proclaims a great new principle, which neither public opinion nor law had yet imposed, namely: That a life insurance company, when it has reached such vast size, should properly be a coöperation of policyholders, not only in its scientific essence and practice, but also in every detail of its corporate form and control.

All these are distinctive, basic facts, that help to give American life insurance its peculiar fitness and capacity to serve all the people.

Our answer is not yet complete. What and whose is life insurance? It is not only a business, a science, a coöperation, but an institution. A public institution, of world-wide scope, like Church or State—and ranking next after them as one of the three main institutions in which the millions of men unite to advance the welfare of mankind. And as such it belongs, not merely to its own

workers, nor even to its policyholders; but most of all to the public.

This is, again, the law and the fact. The United States Supreme Court not long ago ruled squarely that "Insurance is affected with a public interest." That this was declared in a fire insurance case makes the ruling all the more significant as regards life insurance. For in life insurance the public interest has been so generally conceded by the life men themselves that a test case has not been even attempted. And that public interest has always been paramount in the eyes of the law. For years past life insurance has been subjected to statutory regulation and supervision, wise and unwise, that has gone further into details of management, expenditures, volume of new business, surplus, etc., than has been undertaken with any other line of business, not excepting the public utility corporations. Stockholders' property-rights, sacred in private business, have been no bar to such regulation of life insurance. In all States their exercise of control, and in some States their very right to profits, are sharply limited by laws and charters that invariably favor and protect the policyholders' beneficial ownership and rights and the public's interest in the conduct of the business as a whole.

Yes, life insurance does belong to the public, to mankind, to the present generation, and in ever-increasing measure to the generations that are to come. It would be easy to talk a bookful about its vast, vital services, social and economic, to individual, family and community. But those services have been discussed by others more authoritative. Let me add here just a word to emphasize our country's need.

As we begin to realize what the institution of life insurance really means to mankind, now and in future, we Americans cannot help feeling two ways about it: Deeply gratified that we have comparatively so much; deeply concerned that we have actually so little. Our total, January 1, 1915, was $21\frac{1}{2}$ billions— $3\frac{6}{10}$ times as much as the United Kingdom; $5\frac{4}{10}$ times as much as Germany; 17 times as much as Austria-Hungary; 24 times as much as France; 17 per cent more than these four leaders and all the rest of the world combined. That sounds gratifying, surely. But listen: less than 7 per cent of the actual money value of our productive lives is covered by life insurance, while our burnable property is covered by fire insurance to the extent of nearly 80 per cent. Life values mean much more, dollar for dollar, than property values; death is a certainty, fire but a possibility. Yet our life insurance is only $\frac{1}{11}$ th as adequate as our fire insurance.

Gentlemen, our country sorely needs to have her life insurance doubled, and then doubled again, in the few years just ahead. Can it be done? And how?

What is really the "How" of life insurance? How does it spread? How can it be spread among the whole people? There are two possible ways. Only two; and one of them has, I believe,

never been tried for the whole people, and never will be. That one is government compulsion. Germany and other nations have applied it on a large scale to accident, health and old-age insurance, among the class of people already near the brink of poverty. But nowhere has compulsory insurance of any kind been applied to the whole people; and nowhere, so far as I have heard, has life insurance been made compulsory for any class. I devoutly hope and believe that American manhood (unless in a very limited, nearly submerged class) will never need, nor submit, to have its life insurance thrust down its throat, that it will prove capable of working out the problem without throwing overboard the Declaration of Independence. A special solution for the wage-earning class is already begun in the idea of group-insurance, which has vast possibilities.

The only practical way of insuring the people (whether individually or in groups) is by the use of agents. There is no third alternative that offers either a record of past success or the slightest prospect of future success. I have no hesitation in affirming broadly that, so long as human nature remains the same, no scheme (short of government compulsion) for spreading life insurance among the whole people, without agents, will do much more towards that great end, than the few small religious sects without preachers will do towards evangelizing the world.

That is a strong statement. Is it true and provable? Is the agent really indispensable? As far as the past can answer, the entire record shouts "Yes!" For the past one hundred and fifty years the companies and their agents, national and state governments, and sundry philanthropic bodies have tried out every kind of plan they could think of to spread life insurance with a minimum of soliciting or none. In particular every insurance manager, at home office or branch office, and every soliciting agent in the field, has made it his business to experiment with any likely idea that might result in writing insurance a little more by wholesale, so to speak, without so much personal interviewing of each man by himself. All these attempts have either failed or have had pitifully small success, in comparison with the results obtained by present methods.

The idea of doing without agents has been exemplified by the oldest British company since 1762, by the British Government's post office insurance system since 1864, by the Canadian civil service system for several decades, by the Massachusetts savings bank plan for eight years, by the Wisconsin State Insurance Fund for three years, and by an American company, trying to do a mail-order business by advertising for ten years. These are typical instances, each the least unsuccessful of its kind. Without exception the results in insurance actually written have been simply lamentable—affording absolutely no promise of future success upon anything like the scale of the agent's results. Scores of single agencies are regularly writing in their limited districts more insurance,

and on more people, than any one of these pretentious efforts has in its best year written throughout the entire country or state. In certain of these instances the expense has been disappointingly high, in spite of aid from the state or other sources. In one of them the lapse rate has been enormous, and the mortality consequently excessive, pointing the need of the agent's service to keep the insurance in force after once written—a vital point commonly overlooked by outside critics.

The whole past record show beyond question that life insurance without the agent has been a dismal failure as regards any idea of spreading it throughout the population. Will it always be so? Is agentless life insurance a problem that may yet be solved? Or is there something in the nature of the business and in the nature of man, that will always make the agent's service indispensable? I think there is.

Every experienced agent will tell you that his main task with almost every man, of every class, is to get him to the point of action, to overcome his peculiar habit of procrastinating in this particular matter of taking out life insurance.

Now, there are three important acts which, more than any others, men put off instinctively, habitually. They are: making one's last will and testament, making one's peace with God, taking out life insurance. All three are delayed for the same reason. As to each of them a man's fixed mental attitude is "some time before I die." But his own death is, in every man's mind, the remotest contingency, the furthest limit of time. His hopes, his plans, his acts, are all based upon the assumption that he will live on. As long as human nature abides very few indeed will ever provide "to-day" against that far-off contingency of death, except they be influenced without. That influence must be a personal force and it must be brought to bear, strongly, persistently, and with every legitimate variety of attractiveness and persuasiveness, to stem the full tide of buoyant life that bears man along all his lines of thought and action directly away from the idea of his own death.

Herein lies the inherent necessity for the agent. Mere opportunity, passive attractiveness, even sense of duty, is not enough. An active personal force is needed to get men to act *now* in all those preparations for death. There being no agents to induce men to make wills, the state has from sheer necessity stepped in with its intestate law and made a will for every man who does not make one for himself. Otherwise, the great mass of men would die leaving all their property-rights in chaos. The clergy, with all the tremendously multiplied and varied agencies of religion, do the best they can, with greater or less success, to persuade them to prepare for death. Without their efforts, the great mass of men would die unprepared. So it is with regard to life insurance. Voluntary insurers have never been, and never will be, one whit more plentiful than voluntary converts. The need for the agent is rooted in the deepest traits of human nature.

Without his service, the great mass of men would die uninsured.

The people need the agent, not only to start them in the way, but to keep them going year after year. The people need him as their guide, counsellor and friend in life insurance. They need his continuing assistance, to-day more than ever, to apply the modern income services and other policy provisions to their changing wants as life goes on. They need him throughout as the person close at hand to place confidence in, to personify to them the company, many miles away, and the benefits, many years away. The body of agents constitutes the actual priesthood of life insurance. They are the apostles through whom the insurance salvation of the world must be accomplished, and they are the pastors charged with the personal, daily ministry to all the insurance needs of their flocks.

If the agent is rendering a service that is indispensable and socially invaluable, one would naturally expect it to cost something. It is, however, the supposed cost of the agent—supposed to be much more than it is, and to be paid wholly out of the policyholders' pockets, which it is not—that has caused people from time to time to try to do away with him. "Life insurance costs too much," these good folks say, "and too much of that goes to the agent." As a matter of fact, life insurance is about the only necessity of life that has materially reduced its costs during the past fifteen years of rising prices—and this in spite of liberalized policies and heavier taxes. The total expense rate per premium dollar for 1914 was 11 per cent less than in 1899, and 14 per cent less than in 1889; while the agency expense rate showed a 21 per cent reduction for the fifteen years and a 28 per cent reduction for the twenty-five years. The agent's cost was cut more than twice as deeply as the other items of expense. In 1914 his cost was only 12 5/10 per cent of the premiums. This is far below the procurement cost in most lines of business requiring salesmen. That the agent is not overpaid is well attested by the facts that it is difficult to enlist recruits and that the large majority of those that are enlisted become discouraged and drop out.

Moreover, in procuring new insurance, the agent's cost, moderate as it is, does not fall upon the old policyholder at all, as is commonly thought. It is true that some of the general surplus so used has itself accrued from the mortality savings on the new business of the last three or four years, and the full amount is duly repaid out of the like savings on that year's business. These special mortality savings are due to the death rate being very low in the new group, just after medical examination, and rising gradually for five years or more before reaching the normal curve. In bringing in each year's group, the agent thus brings in the money himself to pay his entire commission and yet leave a balance of roughly 15 per cent or more of these five-year savings on that new group as sheer gain to the policyholders at large.

There is another and far greater kind of mortality savings cre-

ated by the agent's work. This is not widely known, even inside the business, and requires citation of my authority. It is perceived by a comparison of insured lives in the American and the British companies. The Encyclopedia Britannica (11th Ed., Vol. 14, page 667) quote Dr. Emory McClintock, foremost American actuary of recent years, as stating: "It is an ascertained fact, that, after the first five years of insurance, the probability of death in Great Britain is fully one-fifth greater at any given age than the corresponding probability shown by American experience." After noting that "there is no proof that the average life in America is longer than in England," the Britannica states with approval Dr. McClintock's opinion that "One potent cause of the great difference in the insured experience is that, where European officers have generally awaited applications, which are commonly prompted by some sense of need for insurance, the custom of American companies is actively to solicit business through agents. On the average, lives which are only induced by persuasion to insure are better than those which voluntarily apply."

This comparison is based on the experience available in 1892, since which time the American total insurance in force has trebled and new business has doubled, while the ratio of the actual mortality to that expected has in the last fifteen years decreased by 13 per cent. If the figures could be had down to date, they might well show the mortality savings in this respect to be much greater than the 20 per cent calculated from the earlier data.

Thus the American agent has not only made our life insurance 3.6 per cent larger than England's, but his hand-picked assortment of lives is saving 20 per cent and upwards on the death claims being paid year after year. Precisely how much of that difference is due to the agent's work cannot be figured out. Other elements enter in, but the agent who is admittedly the chief factor, is the only one even mentioned in the Britannica's discussion. On last year's death claims the amount saved, if 20 per cent, was 30 million dollars; if 30 per cent, 45 millions. And this is continuous year after year. There is leeway enough in these figures to compute the agent's proportion on a higher or lower basis, and yet be quite sure that the amount thus saved by him on the general continuing mortality, plus the balance of 15 per cent or more on the initial five-year mortality, already referred to, must go a long way toward paying his own cost.

Add to these two amounts the saving in lapses, which were about the greatest waste in the business, but have decreased 50 per cent in twenty years, almost wholly through the agent's continuing service after first writing the policy. Add also the saving in the average overhead cost per thousand dollars, due to the agent's work in building up the vastly larger volume of business in force. Then add the many differences between the expenses of companies as now conducted with agents, and those that would have to be incurred if without agents, for such items as adver-

tising, printing, postage, collections, clerk hire, etc. If we could only figure out all these elements and add them together, I verily believe that the complete figures would nearly, perhaps wholly, equal the agent's entire cost. Even though the precise amount cannot be figured, the actual savings are being made; the real money is there, and is known to be a great sum yearly.

Thus the agent pays the great part at least of his own cost with money that he creates—money that could not be there if he were not—money that would otherwise be paid out in the higher mortality, waste and expense, directly caused by his absence. That means that the agent's indispensable and invaluable social service is rendered with only a fraction of its actual cost really borne by any of those he serves. No one, knowing the facts, could well complain of that.

Now we have the bird's-eye view of Life Insurance: A public institution; existing for, and owned by, the millions who coöperate through it; with precisely the type of business organization in home office and field that is indispensable to its efficiency and its spreading among the people. This business organization and its personnel bear precisely the same relation to life insurance that the paid secretary does to the building and loan association; that the officers and tellers bear to the mutual savings bank; or, for that matter, the same that preacher, choir and sexton bear to the church, or that the secretary and paid visitors bear to the Associated Charities. All are but the machinery by which alone the institution can efficiently do its work in the world.

American life insurance stands to-day fundamentally fit and practically equipped to meet the needs of all the people, and to grow with those needs in the limitless future. As a scientific coöperation it approximates its own ideals more closely than ever before, more closely than its brothers across the seas. As a business machinery, both for administration of its high trust and for spreading its needed service most widely, it far out-distances anything in the records of past experiment or suggested to-day by well-meaning bystanders.

The great thing needful is that all the people shall know American life insurance for what it is; that ignorance, error, and suspicion shall be replaced in every quarter by full knowledge and hearty coöperation. That all the people shall know that life insurance is theirs, their product and their property, their friend and helper. That all friends of progress shall realize that life insurance the social service, and life insurance the business, are one and inseparable, and that the service cannot by any possibility be spread among the whole people except through these business methods of proven success.

"What is wanted," wrote Elizur Wright in 1872—he who first persuaded the State to safeguard the people's life insurance—"What is wanted is that the schoolhouse and the press, the universal educators, shall take up the matter, not in the interest of

the companies or their agents, but in that of the public and its coming generations."

That is the keynote I want to leave reverberating—"Not in the interest of the companies or their agents, but in that of the public and its coming generations." That gives us the final word of the answer we have been seeking. What is life insurance? It is not only business—science—coöperation—institution; it is a Cause; the cause of the people, the cause of the future generations.

The cause is yours—and mine; whether we have anything to do with life insurance personally, or not. We are our brother's keeper, if only in self-defense. He cannot go wrong without harming us; nor his children, without harming ours. And so I urge each one of you that hears (or reads) these words: Be yourself one of those "universal educators", as Wright called the school-house and press. More potent than they is the spoken word from man to man in daily intercourse. That is what really makes public opinion the mightiest force on earth. Now that you have been thinking a while on these fundamental truths of life insurance and have, I hope, a clearer view of them, go out and tell others about them and tell them to pass the good word on.

With the way cleared to the hearts of the people, and cordial coöperation from those who work for human progress, the whole social outlook for the future will of a certainty be illuminated by life insurance with a light that never was on land or sea. That future outlook, thus illumined, cannot be measured by the past. Its vista spreads out ahead, fan-shape, ever-widening. The total sums to be distributed by life insurance are, and will be, growing fast; and their usefulness will be growing yet faster as they come to be paid out more and more, not as spendable principal, but as dependable income. The proportion of the whole population reached by these sums keeps also growing faster and faster. And with each generation opportunity gets broader and freer, and personal capacity to make the most of it spreads and grows by leaps and bounds.

Life Insurance is the strong, helpful arm that each generation stretches out to the next. To do anything we can to strengthen and lengthen that arm is for all of us a social service and a social duty.

SERVICE PERFORMED BY CREDIT INSURANCE COMPANIES

BY E. M. TREAT

President, American Credit-Indemnity Company

The amount of annual losses by bad debts is a stupendous tax upon the interests of this country. These losses are greater than the waste through fires.

An agency that applies the insurance principle of distributing the burden of such losses, that helps to prevent the abuse of credit, that renders efficient service in the granting of credit and the collection of accounts, that checks over expansion of credit without placing an undue restriction upon it, that provides a guarantee which controls an otherwise uncontrollable loss ratio, is undeniably a valuable aid to the safe conduct of business. This Credit Insurance does.

Fire insurance is carried to prevent losses on goods in store or warehouse where they are under the merchant's control. Credit insurance provides a protection against excessive losses after the goods have changed to the form of accounts and are not under his control. This protection starts where those of all other forms of insurance have finally performed their useful purpose: credit insurance protects that part of a business which represents the fruitage of the combined efforts of a wholesale mercantile organization—the accounts.

Credit insurance is a guarantee that a wholesale merchant shall not suffer from losses occurring during the term of the policy, on account of the insolvency of debtors coming within the coverage of the policy, which are in excess of the normal amount incident to his particular business. The indemnified has the privilege of selecting a policy under which he handles his own collections or one where the company renders to him the collection service.

This normal amount is the initial loss to be borne by the Indemnified. The net excess over the initial loss is the amount guaranteed to be paid to the policyholder.

Under the policy the Mercantile Agency ratings upon which the insurance is based are classified and coverage graded accordingly. The policy affords full protection, within specified limits, on preferred customers with good ratings and for an extra premium gives additional protection where a limited co-insurance on customers who have inferior ratings is desired.

The ascertainment of and the agreement upon the Initial Loss, or the loss which is inherent or normal to the particular house insured, is the prime factor concerned in this class of underwriting. Instead of exacting a cash premium to cover the losses normally incident to the business insured, plus the loading for the excess, it is more practical, more satisfactory and removes any speculative feature, simply to provide that the indemnified shall stand the loss normal to his business (which in reality is no loss at all, it being absorbed in the shelf cost of the goods) and receive indemnity for the excessive losses.

There are in practice two methods of fixing the initial loss rate, the forms of policies being constructed accordingly. The initial loss may be determined at the beginning of the term of the contract and be made fixed and binding upon both the insured and the company, which involves being loaded in advance; or the average normal basic rate may be fixed at the time the insurance is

issued and the ascertainment of the final or binding rate left until the end of the term, when the loss experience of the insured during the term of the policy is available as a factor in the determination of the proper initial loss. If a merchant doing one million dollars a year has a normal loss experience of $\frac{1}{2}$ of 1 per cent and during the currency of the policy loses double the usual amount, the company guarantees to pay his losses in excess of $\frac{6}{10}$ of 1 per cent.

The preliminary procedure in adjusting the insurance to the needs and requirements of the insured is the same whether the initial loss shall be upon a flat or fixed basis or upon the normal average plan. The application form of the policy, taken in connection with the amount of insurance desired and the size of the accounts to be covered, brings out the information necessary to enable the underwriter by a display of good business sense and sound judgment to formulate fair and reasonable terms.

The service rendered through credit insurance consists not alone in the large sums of money it has distributed to the advantage of the policyholders, but potentially it exerts a wholesome and helpful influence in strengthening and regulating credit, preventing waste, and in the conduct of mercantile affairs generally.

Service to Maintain Credit: Notwithstanding the difference between banking and mercantile pursuits, there is, in one respect, a clear analogy between them.

The merchant makes his profit on the sale of his goods at prices exceeding the cost, plus expenses, plus losses on credit accounts.

The banker deals in money, a medium of exchange; his main profits are the aggregate of discounts and interest, less expense, less losses on credit accounts.

Both extend credit to their customers. The banker has the advantage; he can lend or not as he chooses; he generally exacts approved security, or being the sole source of supply to his borrower is in intimate touch with his affairs. In either case there is involved some peril and in a long series of transactions there is certainty of loss. In the banker's case, his transactions being safeguarded by security, the losses are reduced to a minimum; while in the case of the merchant, who, by custom and competition is compelled to sell to the many on credit without security and even without interest, the losses are much larger.

To remove the peril of credit losses to the merchant and place him in the nearest possible approach to the position of the banker, is what credit insurance goes far toward accomplishing. It does so by reducing the credit losses to a fixed average of the amount of the annual sales. Within well defined limits, a merchant may know, each year in advance, what his losses from the insolvency of his debtors will be and can make definite arrangements to provide for it. He is not compelled to hold any material portion of his capital in reserve for the unexpected losses. The credit losses being eliminated from his business, the merchant, being for-

tified by insurance on all other phases of his affairs, is in a position to conduct his business with confidence and safety and will stand in a better position to get accommodations from his banker.

All this makes for stability in credit. What merchant, upon the first approach of a flurry, becomes excited over his outstandings and plays a part in trouble making? Not the one possessing credit indemnity. In like times the wise banker does not become troubled about his borrower who has fortified himself against all contingencies. Credit insurance promotes confidence and confidence maintains credits.

Service to Regulate Credit: It encourages trading with those growing in financial strength and paying ability by its protection immediately following all shipments made on increasing ratings, and it guides away from those who are known to be growing weak by lessening or ceasing its protection on all decreasing ratings. The Mercantile Agency ratings and reports, while not at all conclusive to the careful credit man, constitute the universally accepted guide in credit granting. These ratings represent a general letter of credit, but the possibility of their abuse in making purchases in any or every market brings concern. Credit insurance suggests the safe and the unsafe in credit ratings and measures its coverage accordingly.

Service to Keep Merchants Better Informed on Their Affairs: Under the operation of credit insurance a merchant becomes posted on every phase of his accounts from the initial stage of granting credit to the collection of the account, whether before or after insolvency of the debtor. He is made to know his sales and losses; he becomes accurately informed as to his outstanding accounts and the condition thereof; how much is overdue and how long; those under extension and seeking extension, and those who have reached a stage calling for positive measures. It is a system that enables him to keep his business well in hand. This brings about a very appreciable saving in the aggregate. In this connection, policyholders are furnished monthly a business barometer, a service to keep them informed as to the fundamental conditions over which the merchant in any particular business has no control, but to the trend of which any business may be adjusted so as to avoid, as far as possible, material losses during business reactions and to increase profits during prosperity. This barometer indicates graphically whether the tendency of business is safe or unsafe and enables the merchant to anticipate reactions which are pending and inevitable.

Service in Cases of Delinquent Accounts: The insurance company and the policyholder being mutually interested in all accounts, the company is always willing to use its efforts in making settlements. Under one form of credit insurance a service before and after insolvency is rendered. The policy provides that where an account not over sixty days past due has been placed for collection with the company and there has been a failure to effect

collection thereof within ninety days thereafter, it becomes a provable claim under the policy. Valuable service is provided not only on live accounts but in cases of insolvency where creditors themselves, either through ignorance of various laws or by carelessness, do not preserve their rights.

Conclusion: Credit insurance performs this important service: It adds to a merchant's capital, at small cost, a special reserve equal to the face of the policy, to most unexpected losses in business.

It offers collateral security against the calamities which come upon preferred customers and co-insurance on customers with inferior ratings.

It affords a guaranty that losses on merchandise sold during the year covered shall not exceed a normal percentage of the gross sales.

It affords profits against impairment through unexpected and unavoidable losses.

It protects against a risk which every merchant must otherwise take.

It helps in preventing losses and assists in collecting overdue accounts.

Credit insurance is an economic movement in the right direction, and performs, as does all insurance, an important part in the betterment of citizenship.

SERVICE PERFORMED BY MARINE INSURANCE COMPANIES

BY J. B. LEVISON

Vice-President, Fireman's Fund Insurance Company

The subject I have been asked to discuss this afternoon, "Service Performed by Marine Insurance Companies," is so broad and comprehensive as to put any detailed consideration out of the question in the very short time allotted to me. I will, therefore, simply endeavor to outline as concisely as possible, the most important features of marine underwriting in its relation to the development of the human race, touching upon its history, the influence it has had on the exploration and exploitation of new and undeveloped countries, its close relation to the commercial development of the world, and finally the very important part it has taken in the present great war.

Marine insurance is the oldest form of indemnity known. It is generally supposed to have had its beginning contemporaneously with the birth of commercial activity in the Mediterranean about the twelfth century, but unfortunately little is known respecting its conduct at that time. English authorities tell us that the Lom-

bards introduced marine insurance into London during the thirteenth century and a form of policy is described in a Florentine statute of about 1500 A.D., bearing a very remarkable resemblance to the policy which has been in use in London since the latter part of the sixteenth century, when practically all of the countries in Europe established rules and laws for the government of marine insurance. At that time the business was done altogether by individuals on what we know to-day as Lloyd's plan. The first stock companies organized for the transaction of marine insurance business were chartered in England in 1720 and in America in 1792.

It is a very interesting fact that the development of the business of marine underwriting in any particular country has always run parallel with the growth of its merchant marine. Prior to the Civil War, when the American mercantile marine was at its zenith, the United States had many more marine insurance companies than Great Britain, but with the disappearance of the American Flag from the high seas the amount of American capital invested in marine insurance steadily decreased until 1905, when there were but three domestic companies doing a marine business exclusively and eleven companies writing marine business in connection with other branches. To-day, owing to the anticipated development of the American mercantile marine as the result of the completion of the Panama Canal and the general agitation on the subject throughout the country, there are twenty-two American companies engaged in the marine insurance business. It is also an interesting collateral fact that most of the leading British marine offices now in existence were organized in the early sixties, or in other words, during the American Civil War.

Marine underwriting is an absolute necessity in the exploitation of new and undeveloped countries. This can readily be explained by the mere statement that no merchant or corporation, no matter how wealthy, would undertake to send valuable vessels with their cargoes into new and unexplored countries without the protection afforded by marine insurance. An excellent illustration of this is in the development of Alaska, where, since its acquisition by this country in 1869, vessels have been trading which carry valuable supplies north and return with furs, salmon, gold, etc., frequently running into millions in value. The dangers of the Alaska coast, due to inefficient lighting and inadequate aids to navigation, leads one to view with surprise the fact that marine underwriters had sufficient hardihood to undertake the business, but high rates and the possibility of large profits were naturally attractive with the result that the business has been written comparatively freely and the necessary protection afforded merchants and trading companies. I think it is quite within the mark to say that without this protection Alaska never would have become the valuable asset to the United States that it is to-day.

The influence of marine insurance on the commerce of the world in general requires no extended discussion. No business

concern, whether corporate or individual, conducts its affairs to-day without some form of marine insurance. The exporter with marine insurance policies attached to his invoices and bills of lading can obtain an advance from his bankers approximating the value of the shipment. The importer through the protection of marine insurance can have letters of credit issued against which drafts may be drawn by buyers in any part of the world. In addition to this, the merchant may also insure his anticipated profits so that he not only has been enabled to obtain funds promptly in the shape of an advance, as just described, but he also has his profits guaranteed to him against loss by perils of the seas through the agency of marine insurance.

The part marine insurance has played in the present great war must have impressed itself upon all by what has been written on the subject of war risk insurance, the importance of which can best be illustrated by the fact that Great Britain practically on the very day she declared war established a Government War Risk Bureau and called upon some of the leading marine men of Great Britain to direct its affairs. Without this Government Bureau, war risk rates would undoubtedly have been much higher, which was fully warranted by the hazards. High war risk insurance rates would, however, have seriously interfered with British commerce and the British Government, clearly appreciating the commanding importance of this, has, it is believed, been willing to operate the War Risk Bureau at a considerable loss. This loss, however, is nothing as compared with the extraordinary cost of the war, especially when the fact is considered that marine insurance companies the world over have thereby been forced to write insurance for British vessels at much lower rates than would otherwise have been done.

Many other countries, including the United States, appreciating the value of a Government War Risk Bureau, as demonstrated by Great Britain, have established similar departments for the protection of their own vessels. The result of this undoubtedly has been that commerce between the nations has been stimulated and maintained at a comparatively small cost to the nations themselves.

No paper on marine insurance would be complete without a reference to the expression "Lloyd's" which is so frequently used in connection with shipping and underwriting affairs. We are told that it has all come down from one Edward Lloyd, the owner of a coffee house in London about 1690, which was the rendezvous for ship-masters, shipping men and merchants generally during the last half of the seventeenth century and which generally became a central point for all persons connected with shipping. From this simple beginning has developed the use of the word "Lloyd's" until to-day it is almost universally understood as having some definite relation to maritime affairs.

In conclusion and to address myself particularly to the sub-

ject this day is designed to emphasize, marine insurance has been a factor of the highest importance in conserving life and property. Marine underwriters have always been to the forefront as originators and active supporters of classification registers, which provide rules and regulations for the construction of vessels and subsequent regular supervision, thereby insuring structural strength and a maximum of safety. Further, marine underwriting organizations have their own surveyors at almost every port of importance on the globe, to inspect vessels before loading and supervise the loading itself, which, it is needless to say, is almost of paramount importance.

Unfortunately time does not permit any further discussion of the subject, but enough has been said, I hope, to convey to the members of the Congress the fact that marine insurance is a factor of the very highest importance in the conservation of life and property as well as the maintenance of credit and the development of commerce.

THE FORCE OF INSURANCE IN SOCIAL ECONOMY

By ALVIN E. POPE

Chief of Education and Social Economy, Panama-Pacific International Exposition

As this subject is to be dealt with from an Exposition point of view, it will be necessary to first outline the functions of an Exposition.

The modern International Exposition is a huge machine, organized for the purpose of collecting ideas of merit from each and every part of the globe and for disseminating them throughout the nations of the world. Many of these ideas are new, often being confined to a people, or restricted to a very limited locality. One exposition brought forth the reaper, another the telephone. The Philadelphia Centennial introduced the course dinner into this country. The Chicago Exposition was followed by a nation wide movement for beautifying our cities. The St. Louis Exposition by a new movement for the beautification of our homes. Mr. A. N. Palmer would probably still be teaching his method of penmanship in a small town in Iowa, if the St. Louis Exposition had not placed him on the map. Now the Palmer Method is in use from coast to coast. The finger print system was not in use by a single police department at the time of the St. Louis Exposition. The finger print exhibit at that Exposition led to the establishment of a finger print bureau in the police department of every large city in this country. The Exposition also acts as an instrument for making ideas, which are already well known, better known, and spreading them into remote districts where they are practi-

cally unknown, thus further intensifying their usefulness. This is illustrated by exhibits of typewriters, phonographs, etc.

In addition to this, an Exposition offers an incentive to the discovery, development and application of new ideas. Many of the ideas presented in the Home Electrical were the direct result of the combined effort of the representatives of the General Electric Company, not only to surpass their competitors, but to accomplish a great purpose. This is true of almost every exhibit. The Director of the American Telephone and Telegraph Company made the statement that the company secured an appropriation, and later discovered the method of transmitting sound across the continent, in order to surprise the public at the Exposition, and that if it had not been for the Exposition they would not have undertaken it.

The benefit derived from an exhibit depends upon the merits of the idea presented, the efficiency with which it is visualized, and the time of its presentation. If the idea has no merit, if it is improperly presented, or if it is too far in advance of the times, or behind the times, it will fall from its own weakness.

Social Economy, from an Exposition point of view, includes all exhibits or visualized ideas relating to the development of man, either as an individual or as a member of a community. The only exceptions to this are exhibits classified under Education, which is theoretically a branch of Social Economy, but on account of the size and complexity of its organization it has been given a separate department.

Insurance is classified in the Department of Social Economy, and is now recognized, not only as an organization for the collection of funds from the more fortunate, to be transferred to those overtaken by misfortune or calamity, but as a great factor in conserving health, happiness, life and property. The first insurance exhibit was made by the Prudential Insurance Company of America at the Paris Exposition in 1900. They again made an extensive exhibit at the St. Louis Exposition in 1904 on "The Theory of Insurance." The Modern Woodmen of America had a small exhibit of fraternal insurance, and the German Government exhibited its system of compulsory insurance.

At the Panama-Pacific International Exposition the Prudential is teaching the public lessons in insurance methods, insurance history and public health. The Ætna presents the subject of safety devices, and the Metropolitan is showing its nursing service and welfare work. The Rossia, Maryland Casualty, and Hartford Fire are also represented, and the Insurance Field has made a collective exhibit. Altogether there are three hundred and twenty-five insurance exhibits. This represents a colossal effort to educate the public on insurance activities, and to create a friendly feeling toward the insurance business.

Inexperienced exhibitors make many mistakes, and the experienced ones can usually discover means of making improvements.

Some of these exhibits, however, are 95 per cent efficient, and others are only 5 per cent.

The methods of secrecy formerly employed by large corporations, and the attitude of the "public be damned," is now obsolete. The future of all large business firms in this country depends upon openness, frankness, and publicity. The support of the general public is necessary, and that support cannot be aroused unless the public is first made familiar with the principles involved. The most effective way of enlightening the public is through exhibits.

International Expositions occur about every eleven years. In the meantime there are always a number of special expositions, such as those conducted in connection with congresses and conventions, associations, state and county fairs.

I have long advocated a permanent Museum of Social Economy, which shall occupy a suitable building, a part of which shall be devoted to research and to the collection of the results of research throughout the world. Another part shall be used as a workshop, wherein shall be created exhibits visualizing the ideas selected from the research department. Third, a shipping room, for the purpose of housing and handling these exhibits, which will be sent to all parts of the country, and to local fairs and expositions, as traveling exhibits. Fourth, a museum, wherein these exhibits will be arranged for the study of visitors. Fifth, a laboratory, for the testing of materials furnished by the public or by inspectors, similar to that maintained by the Board of Fire Underwriters.

Mr. Forrest F. Dryden, President of the Prudential Insurance Company of America, has foreseen the necessity of such a movement for the benefit of the insurance business and the public at large. The following is a paragraph from a letter written at the suggestion of the World's Insurance Congress:

"The World's Insurance Congress could consider the practicability of establishing a national institute for insurance science, in which all branches of insurance should be presented for the information and instruction of the public as an aid towards a better understanding of the elementary facts of insurance experience and a guide in the framing of wise legislation for the supervision and control of a business which, in recent years, has assumed very large proportions. Such an institute, as implied in the foregoing suggestion, should also include an insurance museum for the collection and preservation of insurance literature, insurance experience, and the documentary methods and means by which the business has been carried on in the past, and is being carried on at the present time. This plan would tend measurably to advance the dignity of insurance as a social institution, and make manifest in the most convenient form the services rendered by sound insurance in all its branches to governmental, associated, or individual efforts to make the world a better place to live in, by eliminating the risks of the individual life. Such an institute would

also serve as a means of welding together all of the numerous and at present widely separated insurance interests into one vast national and even international organization for the development and conservation of insurance as a science and an art, making effectively and progressively for human betterment."

The President of the Prudential gave expression here to a profound truth. The good will and support of the general public is essential for the broad future development of insurance in all its branches. Such an institution is required for the purpose of securing this good will by presenting insurance knowledge accurately, systematically, and in a form which is both interesting and attractive. The results of such work will be of great benefit to the insurance profession, the insurance business and to the public at large.

I recommend that the World's Insurance Congress pass a resolution strongly endorsing the establishment of a national institute for insurance science, as herein outlined.

OPENING ADDRESS OF THE SPECIAL CHAIRMAN

WILLARD DONE

Former Insurance Commissioner of Utah

Ladies and Gentlemen: I feel it is the province of the Special Chairman to preside and not to speak, but I pray your indulgence for about three minutes, because I think that it is due to you, myself, and the world, that I say a word or two about this great movement and what it means to us who are in the insurance business. We are here for the purpose of discussing the matter of associations of insurance, which are properly termed the universities of the insurance field.

I like the word university as applied to these insurance associations. It carries out the idea of coöperation for education and enlightenment. A university is a combination of educational units, brought together under one directing head for a common purpose. In this sense, the World's Insurance Congress may be called a university, deserving the appellation because it is made up of affiliated units, and because it is universal in scope. It is the first organization of its kind, world wide in plan and purpose, pregnant with untold possibilities, and, I trust, destined to be permanent.

There have been set forth in this Congress, much better than I can hope to state them, reasons why these insurance colleges, as they may well be called, should be continued, and if possible combined into a great insurance university. One reason appeals to me as conclusive. It is the necessity of convincing the rank and file

of insurance men of the great social service they render, so that they may the more effectively impress this truth on others. In many instances the beam must be removed from their eyes, that they may the more clearly see to take the mote from the public eye.

The clarity of vision, the breadth of conception, the unity of purpose, the loftiness of aim of our business and those engaged in it, will thus become common property of insurer and insured.

Avoiding the extreme claim of mere commercialism on the one hand and pure philanthropy on the other, and recognizing the place of insurance in both these fields, we may the more confidently ask our clients to coöperate with us through these constructive associations, in removing prejudice, lessening exactions, broadening service, defeating obstructive and promoting constructive legislation.

By this coöperation among ourselves and with the public, we shall make notable progress toward the goal of brotherhood, enlightenment, and peace so eloquently portrayed by Mr. Kingsley in his masterly address.

With this brief statement on my part, I will now proceed to the business of the day. "Associations: The Insurance Universities." The statement in the program is "Associations represent the natural avenues through which the public must be educated in the constructive influence of insurance as developed during the proceedings of the second day of the Congress, and therefore find their logical place in the program of the third day." What each speaker is expected to do is also set forth: "relate the part that the association with which he is identified plays in the ethics and economics of insurance, and to outline how its usefulness may best be extended so as to bring about an understanding of insurance and its service among the greatest number of people, to the end that there will be fewer burdensome restrictions, a reduction of expenses and losses, lower costs to the consumer, and a wider distribution of insurance benefits to the people at large." I know the speakers are well qualified to present in proper form the forces of their association movements, which will appeal to us all, and convince us of the rightfulness of their designation of "insurance universities."

AMERICAN LIFE CONVENTION

BY ISAAC MILLER HAMILTON

President, Federal Life Insurance Company

Mr. Chairman, Ladies and Gentlemen: I assure you it is a peculiar pleasure to me to speak on a day presided over by Honorable Willard Done, who, while Commissioner of Insurance of the

State of Utah, did so much in constructive work, so much to add to the business of insurance generally, so much to prevent improper practices. I hope it augurs well for the deliberations of this, the third day of this World's Insurance Congress.

The able gentlemen to whom were assigned the important duties of organizing and conducting this, the first World's Insurance Congress, and of arranging a program commensurate with the importance of the Congress, have designated this as the day of Insurance Associations. They very properly term these Associations "The Insurance Universities." Deeming these Associations the natural avenues through which the public must be educated in the constructive influence of insurance, they have invited certain speakers to appear before you, each to relate the contribution of his association to the ethics and economics of insurance and how the usefulness of such association best may be extended to enlarge the understanding of Insurance and its service among the greatest number of people, so that there may be less restrictions, less expenses and losses, less cost to the consumer, and a wider distribution of insurance benefits to the people at large. The duty of speaking in behalf of the American Life Convention has been assigned to me. It is a pleasant duty and I shall endeavor to discharge it as briefly as the importance of the subject will allow, bearing carefully in mind the restrictions which the topic properly imposes upon me.

The American Life Convention is an Association of Legal Reserve Life Insurance Companies. Its organization was considered at a number of conferences held in Chicago, December 5th, 1905, and upon the days immediately ensuing, although its organization was not completed formally until January 30th, 1906, at a meeting held in St. Louis. Its organization was effected by the representatives of a few then young and small companies, but so timely and so perfect was the organization that it has grown and developed until it undoubtedly is one of the most powerful, if indeed not *the* most powerful, influence for good known to the entire institution of life insurance.

The American Life Convention was organized for the betterment of conditions and the benefit of policyholders. It always has been an active, constructive organization. Membership is by companies, not by officials, and it has several well organized, efficient bureaus. It meets annually, its meetings are open, the public and press are invited, and all attendants made to feel they are welcome. Printed reports of the meetings of the Convention and of its bureaus are furnished gratuitously to life insurance companies, insurance organizations at home and abroad, public officials, libraries, and even individuals requesting them, as long as the supply permits. The Medical Section of the Convention now meets separately. Its fame is such that the ablest members of the medical and surgical world are glad to grace its meetings by their presence and addresses. Separate reports of its proceedings are printed. With-

out doubt some of the best and most educational insurance literature extant is contained in these reports of the Convention and its Medical Bureau. The reports are highly prized and requests for them come from far and near.

There was a distinct need and field for the American Life Convention at the time it was organized, and since, hence its great success. Its constitution recites: "The American Life Convention is organized for the purpose of encouraging, upholding and maintaining the business of life insurance; the dissemination of information regarding the science of life insurance; the upholding of correct principles in the conduct of the business of life insurance; the establishment and maintenance of confidence between the management of the companies composing the organization and their policyholders; the correction of any abuses which may arise in the methods of transacting the business of life insurance; the promotion of coöperation, acquaintance and exchange of ideas among the executive officers of its membership; and any and all other things incident to the welfare of insurers, insured and the public in relation to the business."

Thus you will see that at its inception its organizers recognized the interests and rights of the *public* in all that pertains to life insurance and pledged it to "the dissemination of information" regarding it, a pledge it has fulfilled in greatest measure to the manifest benefit of its members, their policyholders, the insurance fraternity and the public generally.

The organization of the American Life Convention was predicated upon the correctness of certain underlying, fundamental principles, among which were publicity, uniform laws, strict State supervision, as opposed to Federal supervision, and the justice and safety of the Preliminary Term method of valuation. At the conference held in Chicago, December 5th, 1905, a resolution was adopted stating, "That we favor the utmost publicity in the life insurance business; we invite the closest supervision of honest public officials; we favor such uniformity of laws in the several States as shall safeguard the interests of policyholders, avoid abuses and take the public and policyholders into the confidence of the management; we believe that corrupt officials should be promptly punished; we believe the searchlight of careful, competent and honest investigation has no terrors to honest life companies; we are opposed to any interference with State supervision and control of life insurance companies; we believe Federal supervision is not expedient, and we believe it unconstitutional; under existing conditions we are opposed to it; we endorse strict State supervision."

At a later meeting it declared: "We believe the new business written each year should pay the cost of procuring the same, and be no direct or indirect charge on the old business for either the cost of procuring it or for the reserve thereon. We therefore favor the first year term method of valuation both in theory and practice and submit that it is safe, sound and scientific."

Since the passage of these resolutions the Supreme Court of the United States, by its later decisions, seems to have made Federal supervision impossible (except it be by constitutional amendment, which appears undesirable and probably impossible of attainment), thus vindicating the position of the American Life Convention with reference to supervision. Federal supervision means dual supervision with consequent increased burdens and expenses which, in the future as in the past, will fall upon the policyholders in the last analysis and are not to be considered. No way has seemed open for installing Federal supervision and discarding State supervision, even if that were admitted to be advisable, which it is not. Many earnest, sincere, capable men, devoting their lives to the service of life insurance and desiring its highest and greatest development, believe it would be exceedingly unwise and possibly even calamitous, to entrust the vast structure of life insurance to the regulation and supervision of one fallible man. Some men might be equal to the task, but how many would not be! And yet this responsibility might fall upon the incompetent or the unfaithful. In such case, who is brave enough to predict the havoc, the irreparable havoc, which might be wrought upon life insurance and its millions of beneficiaries representing the best there is in millions of American homes? The Legal Department of the American Life Convention is believed to have borne its full share of the responsibility of pointing the way for these later decisions of the Supreme Court of the United States.

State supervision so has been developed under modern conditions, and the coöperation of the Insurance Superintendents of the various States acting through their organization known as the Insurance Commissioners' Convention, that we practically have a Federation of Supervising Officials. They usually act in conjunction and in the interests of policyholders. If one should prove incompetent or derelict, the restraining influence and example of other worthy and capable Commissioners probably would prove sufficient to protect both policyholder and company. For its courageous educational work, both among life insurance officials and the public, as to the merits and demerits of State *versus* Federal supervision the American Life Convention is to be highly commended.

Since the passage of said resolutions, educational forces have been at work steadily, and the correctness of the Preliminary Term method of valuation now uniformly is admitted. It is recognized affirmatively in the statutes written upon the books of many of our most important States, with others yet to follow. Insurance experts generally now admit both the justice and safety of the plan and none, or practically none, oppose its being enacted into statutes. So in this regard, too, the position of the American Life Convention, as set forth at its organization, is vindicated.

The American Life Convention opposed a standard form of policy as being in derogation of the right of private contract and

certain to prevent improvement and development in contract and services offered by life insurance companies. In that position, too, time has shown the correct vision of its organizers.

The American Life Convention, although an aggressive, constructive organization, is not a disturber. Its methods are those of peace. It maintains a permanent office with an efficient secretary-counsel in charge. Its other officers and the members of its executive committee, serve it without pay. Its affairs are directed, when the annual meetings are not in session, by an executive committee, of which the president, *ex officio*, is one. It invites the cooperation of other representative bodies interested in life insurance and gladly responds to similar invitations and requests from them.

The American Life Convention now numbers ninety-seven well established, rapidly growing, capably managed, life insurance companies as members. They are domiciled in thirty-three different states of our Union. In each locality in which these companies are located, they naturally exercise a much more potent influence, being officered and managed by men well and favorably known, locally, both as to ability and integrity, than possibly could be the case of much older or larger companies, if located at distant points, though managed by men of equal ability and integrity, but where such officers and managers were not known and understood.

The American Life Convention has no blot upon its escutcheon! It always has urged correct practices and condemned irregularities in the business of life insurance. Its influence always has been helpful. Organized for no improper motive, seeking no unfair advantages for its members, it has extended friendly aid to worthy companies, non-members, and has endeavored to advance the legitimate interests of all legal reserve life insurance companies everywhere for the betterment of policyholders and their beneficiaries. It has urged the repeal and opposed the passage of laws inimical to policyholders; it has urged the passage of wise laws and condemned unjust extortions from policyholders under the guise of taxes. Its members now hold in trust for the protection of policyholders and their beneficiaries, \$250,000,000.00, protecting to the extent of \$2,000,000,000.00 of insurance, 2,000,000 provident American homes and families.

The helpful, constructive influence of the American Life Convention is widely felt because it is widely known. It has held annual conventions in widely separated portions of the country, always making new and powerful friends for its members wherever it has convened. Annual meetings have been held in Tennessee, Indiana, Colorado, Ohio, Iowa, Pennsylvania, Illinois, Minnesota, Texas and California. In all of these important States it has active members growing in importance and influence that have been encouraged and benefited by these meetings, their merits frequently being brought to much fuller local recognition thereby

than ever before, both as to friendly competitors and the public.

Such in brief is the organization, the past history and the present status of the American Life Convention. Its motives and methods, both now well known and understood, are commended on every hand. With many other companies aspiring to become members as soon as they shall have attained sufficient age and size, it seems but reasonable to predict, based upon its commendable and successful past, that its future will be an ever increasing benefaction to companies, to policyholders and to the public.

NATIONAL FRATERNAL CONGRESS OF AMERICA

BY I. I. BOAK

Member of Executive Committee, Head Consul Pacific Division,
Woodmen of the World

The National Fraternal Congress of America, which I have the honor to represent on this occasion, is a central body of delegates, chosen by the societies representing the fraternal system of life insurance, or more accurately speaking, Fraternal Home Protection. It is voluntary in its make up; its functions are purely advisory and educational, its purpose being to establish a somewhat informal code of ethics, looking to unity of purpose and all that pertains to proper progress. Its deliberations, however, cover a wide range of subjects, embracing every detail that enters into the business, social and fraternal life of the orders that form the system. Being, as I have noted, purely advisory and instructive in character, its legislation is not binding on the delegates or the societies they represent. In spite of this absence of compulsion, or even specific obligation, the general tone of its annual gatherings and the measures that find favor with the representatives are constructive and practical, the result being that their adoption has been successfully urged by the delegates before the supreme law making bodies of the many societies: Consequently, the Fraternal Congress of America has, in its twenty years of service, wielded a mighty influence for good in the fraternal field by standing steadfastly for a higher standard of business efficiency and fraternal coöperation.

Without attempting to quote insurance statistics, I desire to note the fact that no *one* form of life insurance in operation anywhere affects nearly as many people as fraternal insurance here in America does, and I doubt if all the other forms of insurance the world over—fire, life, accident, etc.—affect a class of people so dependent on them or play so great a part in this nation's economics as the form that the Fraternal Congress, through me, represents here to-day. For while among the seven millions of fraternal certificate holders in this country are found governors,

mayors, millionaires and captains of industry in all legitimate lines, the rank and file are composed of common toilers whose wage is oftentimes low and employment uncertain—men who find the problem of making both ends meet a difficult one while alive and in good health, and whose death, but for the protective arms of the fraternal system, would mean absolute destitution, with its attendant miseries.

The suggestion, or rather tentative instruction, of the executive committee found on the program for to-day, in which "each speaker is expected to relate the part that the association, with which he is associated, plays in the ethics and economics of insurance," justifies me, I believe in continuing along these lines.

The system of fraternal insurance in this country is but a half century old and it is but natural that for many years the few struggling societies plodded along with fine purpose, but crude and very uncertain methods. Its necessity, however, soon became apparent and was freely admitted by students and thinkers, many of whom were and are engaged in the promotion of other forms of insurance. Field representatives of each form of life insurance are often heard to remark "What a rich harvest we would reap if the other systems went out of existence." Now, I believe this thought is, in either case, about as far wrong as it can be, for I have long been convinced that no one system of life insurance would be as strong as it is to-day were it not for the continued activities of the others. In order to explain fully, I wish I might be permitted at this point to deviate slightly from the line of thought officially suggested. Indeed, I find it hard to refrain from doing so in order to propound briefly what appeals to me after more than a quarter of a century's observation and first hand experience as a mighty truth, and one that is none too often called to the attention of the general public. That is, that *insurance is the greatest educator of the age*. I realize this is a thinking body of men and any wild assertion would be challenged; so I feel quite ready to substantiate my claim—to prove my assertion.

No one can dispute the self-evident fact that this is an age of advanced education—this country—the United States of America, is the world's college, and the events that are now being celebrated in this city proclaim this year, 1915, to be the graduation period of the ages. The theory on which I base my contention that insurance is the greatest educator of the age is this:

The wisest government, in the range of human possibilities, is the one which best promotes the general welfare of the greatest number of people. Surely then the greatest factor in the education of any people is that thing which cultivates, develops and perfects the greatest number of beneficial qualities in the masses. You will note that I am defining education in its very broadest sense. If our historical information is correct, men wrote or made some kinds of marks, that were readable on the bark of trees, away back in the time of Abraham. In a general way, that is all we

can do with writing now and the writing of some very clever men in the twentieth century is not easy to read. Those old timers knew enough of mathematics to figure out the worth of their possessions and to do business as that age required. I am basing my views on the symmetrically rounding out of men by insurance. I mean by that, it develops or helps to develop them morally, physically, mentally and even religiously. I do not think it necessary to more than just remind you of the millions upon millions of children who are receiving a finished education, who would not only be deprived of that, but would be forced into drudgery early in life were it not for insurance money left by deceased fathers. I would point out, briefly, the benefits that accrue to the insured while he lives, based on the three fundamentals of our Declaration of Independence—life, liberty and happiness.

That life insurance prolongs life has already been stated in brief, and will, during the sessions of this Congress, I believe, be enlarged upon by competent speakers. I am wondering, however, if a homely experience, such as was once related to me, would not be worthy of mention as perhaps touching a phase of life-saving or prolonging life not often noted. A member of the society, with which I am identified, was given up to die; the doctors said he must die and he knew they had said so. "But," he said, "the fact that if I did die my family would receive a nice bit of insurance made me feel easy and the next morning my temperature was lower and the doctor said I had a chance." This took place some fifteen years ago and the member referred to is now threatening to outlive his expectancy. His experience is unquestionably duplicated in thousands of instances annually, for, permit me to add, if your family physician knows nothing of the value of mental contentment in reducing temperature and frequently saving life, you'd better get a practical physician, one who does know such things. So altogether, aside from the physical requirements and valuable medical advices, invariably forthcoming in connection with examinations of applicants, life insurance does prolong life.

Concerning the moral, religious and patriotic development of men through the agency of life insurance, at least as far as the insured themselves are concerned, generous as I feel in the matter, I will have to attribute about all of the credit to the system I am here to represent. The very atmosphere of the lodge room teaches all who attend, something of the brotherhood of man, and, seeing that no infidel, or any one without some sort of religious belief can become a member of any of our fraternities, the Fatherhood of God is certain to be a part of the lodge room teaching. The flag of our country is invariably the most honored decoration in our meeting places. Loyalty to our country and its institutions, patriotism of the highest type, are by example and precept being continually taught, thereby instilling into the minds and hearts of our citizens, both native and naturalized, the sacred truth that

God and Home and Native Land are one and inseparable and mean more to men than life itself.

As a nation, we boast of our thrift, and what is there in all the world that teaches men a greater lesson on thrift than the paying of a life insurance assessment or premium? Not that kind of thrift that looks for bargains, careless as to who loses in the transaction—but thrift without a possibility of selfishness, thrift robbed of every suspicion of greed, thrift in which the heart promptings are greater than those of the brain, thrift that will speak volumes long after the lips of those who have possessed and practiced it are sealed in death, thrift that may well be spoken of in the world's work as *righteous thrift*.

The striking advancements of this age are due not so much to the brilliant achievements of individuals, as to organization—the *coöperation of men*. The combining or centralizing of capital has brought about many public benefits that would otherwise be unknown to the world. All insurance has the spirit of coöperation. The contributions of the fortunate many, make possible relief for the distressed few. All insurance is based on the laws of substitution and replacement. These principal qualities are an education in themselves; without them, no people can come even near to possessing a finished education. When a struggling farmer loses a \$500 barn by fire, insurance money permits him to rebuild immediately. Without insurance, he either mortgages his farm, passes the hat or goes without a barn. In either case, the incident *educates the entire neighborhood* in which he lives. When a woman loses her husband—when children are left fatherless—insurance money is the substitution that makes it possible for the family to eat regularly and continue the home relations. Without insurance, the widow goes either home to her folks with mutual unwillingness, goes to work or makes her home with the first sealawag that offers her shelter, while the children do the best they know how, which is often the worst they could think of.

When I was informed that this Congress was to be held here in San Francisco, I said "What a grand place to discuss all kinds of insurance; in a city where less than a decade ago occurred the greatest commercial disaster ever known on the Western hemisphere; a city now numerically and financially stronger than before that awful calamity; a city that, but for insurance, would be now slowly creeping from her ashes and assuming back-breaking debts. With what a mighty voice San Francisco has spoken to the world of insurance! What an education for all time!"

You will readily see that time will permit me to do but little more than outline my subject. In regard to suggestions, anent the lowering of costs, lessening of losses, reducing restrictions and causing insurance to be better understood, I have just one theory to advance—a theory that is as simple and sure of results as the darkey's definition of the chief effects of possum and sweet potatoes on the culled system—a *desire for more possum and sweet po-*

tatoes. I suggest more insurance—more education. I feel that the details of expense, medical examinations and the multitude of minor things that contribute to the success of insurance, are being worked out very satisfactorily in the system I am here to represent. This Congress, whose prolonged deliberations will be given wide-spread publicity, will result in great good to the insurance world. I wish insurance were universal. When I see some big, lazy fellow insure his property and refuse to insure his life, I feel like advocating compulsory insurance. Then I think what a decided slam that would be to American intelligence and sentiment. The man without sentiment is a good deal like a man without a soul. The fellow who assumes that his responsibilities end with his breath, puts himself on a plane with the horse. The worst humbug of all, and the one that I would like to find a way to banish utterly from the land, is the religious freak who preaches that insurance shows a distrust in Almighty God. He never puts such a theory into practice while he lives. He protects his body against the elements with warm clothes; he prepares for winter and other seasons just as if he knew nothing about God; he never expects to reap anything unless he has sown the seeds, but he claims that God will be a make-shift for his laziness or neglect after he has gone from the earth. This is plain sacrilege.

Now, Gentlemen, I have not attempted to be profound; I have tried to point out some things about insurance that are not given any too much publicity, nor are they any too well understood by the insured public, and it is through the public and its influence that we must expand.

In conclusion, let me predict a nation-wide awakening for insurance of all forms. The logic of coöperation, as a means to individual protection, is gaining ground every day and I firmly believe and earnestly hope that universal insurance, without legislative compulsion, will soon be a reality. I have only been able, in this brief space of time, to skeletonize my subject. Insurance, in its broadest sense, reaching as it does into every activity of life, has naturally attracted many men of many minds and it is well that this is so, for it has resulted in the formation of various systems, each one peculiarly suited to some specific human need. Little wonder then, that it has taught the whole world a new standard of economics; it has appealed to all classes as an exhibition of many styles to suit many tastes, as a construction of many roads to the one destination, as a combination of rare colors, developing into one harmonious whole. It stands before us in its construction and operation as a unique and valuable instructor; in results, as a universal benefactor, and in all, a world-wide educator.

No human tongue can ever tell, nor pen can ever write, a complete history of the value of the fraternal system of life insurance. Covered by a less number of years than many of us present have lived, the fraternal societies have paid the beneficiaries of deceased members the enormous sum of \$1,096,933,582. At the opening of

this year, the protection in force was \$7,302,847,221. The statistics of a scattering few societies are not included in these figures. Far greater than all these figures, however, is the uncountable and inestimable spirit of fraternity that has, in a large measure, become the modern exemplifier of the great truth that "No man liveth to himself, but every one of us is, in some measure, his brother's keeper." No figures are, or can be compiled, to total this priceless asset of fraternal protection; no earthly record is, or can be kept of the kindly, helping hand, the cheering words, the members kept in good standing when prolonged sickness has depleted their resources, the multitude of little kindnesses showered on the darkened home when the grim reaper has touched, with his icy hand, the breadwinner of the household. All of this forms part of what we call fraternal insurance, but I feel sure that, in the realm where these things are recorded, they must be set down as *Christian Benevolence*.

NATIONAL ASSOCIATION OF INSURANCE AGENTS

By C. H. WOODWORTH

Former President

Mr. Chairman, Ladies and Gentlemen: Yesterday and the day before, while listening to the eloquent addresses on the subject of insurance, and regarding its separate branches, my mind ranged over my fifty years of experience in insurance, and so you would not be surprised if I attempted to make some comment on what has been said, and add, possibly, some contribution to what has been said but the unity of the program very properly confines me to the aims, accomplishments and services of the association which I have the honor to represent, and I will therefore confine myself strictly to the topic, as every good servant of the Program Committee should do. And may I ask you, in listening to this dry, brief paper, to bear in mind that I represent a body of men who are in personal touch with the people of this country and are at the foundation of the insurance structure. And when I say personal touch, I don't mean the spell-binder from the platform, but I mean the individual hand to hand touch with the men who insure and who ought to insure. That is where we stand—with our ears to the ground listening to public sentiment and appreciating, perhaps, as no other body of men in the insurance business, the state of the public mind and what should be done and said for its enlightenment and the enlightenment of those who are in this position.

The causes that inspired the organization of the National Association of Insurance Agents and the general demand among local agents twenty years ago for such an association, will be better

understood and appreciated if we briefly consider the earlier days of the Insurance Agency business.

In the days of stoves, candles, small buildings and low speed, hazards were simple and nearly uniform. Everything from the brick dwelling to the small factory was written at about the same rate and form. The agent, far removed from the home office, with communication slow and difficult, was chosen not because he was a business getter—for in those days companies did not actively seek business, and owners sought protection—but because he was an honest and intelligent man, willing to give part of his time to insurance. A local representative was desired with some general knowledge of physical conditions and moral hazards; one who would pass upon and accept or decline business offered according to his best judgment and who would also settle the losses as they occurred. There were no maps or surveys and the agent reported but once a month when his account current included the written forms of all policies issued. There was no one between the agent and his company and but little correspondence.

New and changing hazards developed by big and always bigger business—the use of volatile and inflammable products, the greater area of factories, equipped with high speed machinery and operated with high pressure methods, the congestion in manufacturing and mercantile sections and the ever increasing competition between companies for premiums, radically changed the fire insurance business. With new conditions and methods came more and different requirements of the local agent and prompter, and closer supervision of his work by the company. In addition to the special agent there were often between the agent and his company a State or general agent. Then there were National and Sectional Associations of Companies, of General Agents and of Special Agents, which further interfered with direct communication between agent and company.

While these changes were for the development and betterment of the business and of assistance to the agent, greater pressure was exerted by the individual company, upon all its force, for a larger premium account. It was therefore natural, when promotion, if not position, depended upon increasing the company's business, that its salaried employees should at times adopt methods and indulge in practices inimical to local agents working on a commission. Not all the companies practiced or countenanced injustice to agents, but there were enough doing so to produce unsatisfactory conditions. The individual local agent, practically shut off from the ear of his home office, required the support of his fellow agents and the National Association was conceived to supply that need.

The meeting for organization of the National Association of Insurance Agents was held in Chicago in September, 1896. The constitution then adopted was revised and a declaration of principles made at the second meeting held in St. Louis the following May. Only Fire Insurance agents were eligible to member-

ship in the association up to 1913. At that time the name and constitution were amended admitting casualty and surety agents.

The National Association of Insurance Agents like other trade Associations was organized primarily for the benefit of its members, but very early it was recognized that in the final analysis the real interests of the Agent were identical with the real interests of both companies and insurers; hence the statement of its object, *viz.*: "To support right principles and to oppose bad practices in Fire Underwriting." Operating upon this basis the National and State Associations have prospered these twenty years beyond the expectation of the most optimistic. They have become prominent factors in the business, and of financial, ethical and educational value to the country.

What has been accomplished by the National Association of Insurance Agents, its present and growing power and the general approval of its legislation and declarations, are evidence that in its management, wisdom and right have gone hand in hand. Every measure adopted and every advantage secured have been of equal benefit to every local agent in the business, whether a member of the Association or not. The only special privileges enjoyed by our membership are educational and altruistic.

One of the most notable early achievements of the Association was the obtaining of an agreement with the companies to discontinue overhead writing. The value of this to local agents is obvious. Its value to property-owners and companies, although less direct, is important.

A far-reaching decision to all concerned was that securing to the agent a property right in his business, thus making the agent's life work a tangible asset.

The Association has invariably and energetically opposed local rate wars, and such vicious warfare, from which innocent third parties suffer the most, has practically ceased.

The liberal expenditure of time and money made by the Association in introducing uniform blanks is now bearing fruit.

The National Association of Insurance Agents has not legislated upon fire insurance rates or upon agents' commissions, except to urge anti-discrimination and uniformity.

The purpose of this paper does not require reference to other reforms and benefits secured through the efforts of the Association.

The direct educational power of our Association is suggested by the nature of the local agent's business. His acquaintance with all classes of men, and the knowledge he has of all kinds of business, are a liberal education to him; and his personal association with the people of his locality gives him the opportunity to impress upon the community not only the necessity for fire insurance but the rights and duties of those furnishing it. Agents are better prepared to give this service by the literature furnished them by our Association, through our official organ, the *American Agency*

Bulletin, and by attendance at our State and National Conventions. Hundreds of men who have come up to these Conventions with axes to grind have caught the genius of our organization and have gone home to turn grindstones for the benefit of all.

All agents, because of our organization, are better qualified to conduct their business and they appreciate more fully their duties to the public as well as to their companies. The educational value of our Association to others engaged in the business has been to help them to a better knowledge of public sentiment regarding Fire Insurance and to a more judicious attitude towards the hospitality of legislators and others in authority.

The value of the Association to the public is emphasized in our Fire Prevention Work. Fire Prevention is as old as insurance itself. It began with the first inspection made by the first agent. The Association is a supporter of the National Credit Men's Association, the National Fire Prevention Association and other similar bodies. Not much more valuable than this organized work is the influence of the individual agent upon the individual property-owner, in securing the removal of existing perils and the installation of better protection. Valuable service is rendered by the local agent in urging these matters upon municipal and state legislators. The association has from the first approved fire marshal laws and through its membership has helped to secure their passage in many states.

Only about five per cent. of the more than \$22,000,000 collected by States and municipalities from insurance companies in taxes is used for supporting insurance departments. The association has protested emphatically against this injustice because excessive taxation increases rates which incite unfair criticism of the business. The resolution adopted at our Atlanta Convention in 1912 on this subject was the first official effort of any organization to bring about a federation of all insurance interests to act upon this and other questions affecting all branches of insurance.

The opposition of our association to "Underwriters' Agencies" is not only because in effect their method is the operation of two companies on one capital and is therefore unfair to those companies that do not maintain such feeders, but because they deceive the public and tend to monopoly in the business.

Legislation requiring certain qualifications for agents, which we favor, protects the public from ignorance and crookedness. The association in the interest of the property owner and all others, stands for the enactment of anti-rebate and anti-discrimination laws already adopted by many states. The association favors the repeal of valued-policy, anti-compact and anti-co-insurance laws, all of which increase the cost of insurance; and it has always supported State insurance officials in their efforts to protect property owners against the depredations of wild cat companies. The invaluable service of our members, who have the voter's ears and confidence, in disseminating information relat-

ing to insurance, has helped to secure in many states more intelligent and reasonable legislation.

This brief statement regarding the organization, work and aims of the National Association of Insurance Agents is evidence of its tangible accomplishments and is sufficient to indicate the reasons for its existence. It has often been thought too radical by companies and too conservative by agents, but time has proven that its action was wise. The preventive and coöperative work of the Association has perhaps been of more value than its constructive measures, our policy being to take the initiative only when necessary. At present we are particularly interested in Fire Prevention, Equitable Rating, Better Agents, Reduced Expenses and Supervisory as opposed to Destructive or Prohibitory Legislation. In the future as in the past we shall endeavor to meet every change, whether evolutionary or artificial, with open minds and wise action, supporting all that improves and opposing all that injures the business.

We are bound to no special interest and will not coöperate in any movement that does not recognize that both companies and their agents are entitled to existence and fair treatment; nor will we support any action in connection with the business that is unjust to property owners. We hold Fire Insurance to be an economic necessity which should be conducted equitably and controlled fairly.

NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

BY H. H. WARD

Former President

According to Mr. Done, the life insurance men of the old days must have been some Indians. I came down here to attend every session of this Convention, and hear every speech, and I am not going to tell you how I met with my accident, but it is my reason for not being here constantly. I did consider it my duty, though, to honor that noble fellow Hathaway by using my utmost endeavors to be here to-day.

The World's Insurance Congress program for the third day very aptly refers to "Associations" as "The Insurance Universities." The particular college of this great insurance university which has been assigned to me for discussion is the "National Association of Life Underwriters," the first national "get-together-club" ever organized by any branch of life insurance. The deep, underlying principle of the National Association of Life Underwriters is that *no man is as great as his company: no company is as great as life insurance*. Therefore, in the development and growth of this association, the agent and the company are placed respectively

in third and second places, while *life insurance as an institution* holds first place. Life insurance as an institution, has for its end and object the protection of the insured in particular and of society in general, the company and the agent being merely means to that end.

Life insurance has developed by leaps and bounds until to-day it is the second largest business in existence, being exceeded only by steam railroads, and millions of the securities of steam railroads lie in the vaults of the life insurance companies' home offices. There is a reason for the life insurance business being the second largest in the world. It fulfills a need of mankind which no other institution ever did, or ever will fulfill. The history of its development and growth is most interesting. The part which the agent has played in that development and growth is by no means the least part.

Modern life insurance on the Old Line or Legal Reserve plan has been surrounded and safeguarded by Nature's great law of averages in mortality as applied to large groups of men by the mathematical principle of average. So great is this law and so well balanced is the application to the business that there is no other commercial enterprise which can be so accurately prognosticated as to its future. The very fact that life insurance has this safeguard is in part responsible for its wonderful growth. The system itself now has the confidence of the world.

The story of the agent in the field, the man with the rate book, is, however, a very different one from the orderly and constructive story of the mathematical or actuarial side of life insurance. Life insurance to-day is what it is *because* of the agent in the field who wrote the business and it is what it is *in spite of* the agent in the field. In days past, the unscientific, unbusinesslike and, sometimes, unscrupulous agent has been his own worst enemy, and as such has been, under the old methods, one of the destructive elements in the business.

The TRUTH is the very best that can be told of life insurance. The *truth* has never injured life insurance. It is the falsehoods, told through ignorance or with intent to deceive, which have been in the past, the greatest drawback to the development of life insurance along proper lines, resulting in much of the disbelief which has existed concerning the business.

I have said that the agent in the old days and under the old methods was often his own worst enemy. He was egged on by old home office methods which demanded increased production of insurance to a point where he almost felt that his very existence consisted in his ability to build up his agency, or his company, on the ruins of other agencies and other companies. The overhead cost to the agent, agencies and companies by this method of procedure became ruinous; it became prohibitive. Strange to say, it was not the home office which first discovered this fact. It was the agent in the field.

Some forty-five years ago a Dreamer dreamed a dream. He was in the midst of conditions then existent, and his Vision carried his years into the future. He saw the possibilities there were for American life insurance. He probably saw that the company and the agent, who in those days seemed to think that they were the whole thing in life insurance, should play secondary parts to the man who carried the policy. This Dreamer was Colonel Chauncey Monroe Ransom, then of Baltimore, editor and publisher of an insurance journal. His daily work brought him in close contact with the chaotic conditions of his time and also with many of the leaders in life insurance of that day. Fortunately, in his travels he was able to find a few managers and general agents who were willing to give a receptive ear to his story—yes, to his prophecy. He began his efforts at Cincinnati in 1870, and after two years of spasmodic effort, succeeded, with the local aid of Robert Lansing Douglas and others, in organizing the first association of life underwriters at Cincinnati. This was shortly followed by another association in Cleveland. These two organizations united to form the Ohio Association. These three organizations were disbanded in 1878, after stormy years of effort to enforce rules which were intended to bring about a millenium at once. Their influence was too restricted geographically to make any marked effect upon the life insurance business at large at that time.

Colonel Ransom, not dismayed by the failure in Ohio, began, five years later, his efforts in Boston, and on April 18th, 1883, the Boston Life Underwriters Association was organized in the office of *The Standard*, Colonel Ransom's paper. This association was the first of its kind to endure. Shortly thereafter it was followed by another association organized at Pittsburgh. During the six years following, local associations were formed at Detroit, St. Paul, Buffalo, New York City, Philadelphia, Kansas City, Chicago, Cleveland, and in the states of Maine and New Hampshire. In 1890 five more were added, namely: Cincinnati, Providence, Baltimore, Nebraska and Vermont, making seventeen in all.

These seventeen associations, with the exception of those of St. Paul, Kansas City and Cincinnati, took part, through their delegates, in forming the National Association of Life Underwriters at a convention held at the Parker House, Boston, June 18 and 19, 1890.

Unfortunately for the rapid development of the underlying principle of this movement, some of the life insurance companies at that time began to "speed up" for production of business. From 1890 to the time of the great investigation in 1905 and 1906, competition ran riot—to such an extent that it seemed as though the policies of the home offices and the policies of the National Association of Life Underwriters were directly antagonistic to each other. It was during the latter years of this period that the speaker was chosen to lead this organization for one year as its executive head.

The effort of the home offices' demands for "business at any

cost'' seemed to create a reflex action in the association movement and, as the speaker remembers those days, it seemed as though the chief function of the National Association of Life Underwriters was the political fight at conventions which centered around the presidency.

Through all these years, however, there were "men with Visions," and their numbers were gradually increasing. There were Cochran of New York, Bowles of Detroit, Register of Philadelphia, Wyman of Chicago, Dolph of Cincinnati and others of that day who worked and worked and worked for the ultimate up-building of the underlying principle of this association movement, namely, the bettering of field conditions for the agent and through that betterment an improved situation for the companies themselves and a decided benefit for the insured. The men whose names I have just mentioned were presidents of this association during those dark days which were marking the transition from old methods to the better conditions of to-day, and they were ably assisted by others in the ranks to whom the "Vision" had been given.

During this transition period, covering the years from 1897 to 1905, each succeeding president seemed to feel it incumbent upon himself to do a great deal of traveling for the purpose of visiting the old association and creating new ones. Each president seemed to feel that in order to make his administration a success he must cover a greater mileage than his predecessor. Each president gave of his time and money freely. The association grew apace as the result of the work done by these presidents, but the movement seemed to have its thoughts on the past. The movement needed a torch to furnish a light with which to guide the masses of field men to this "Vision," which at that time was seen by but few.

That torch was provided by the great upheaval of life insurance in 1905 and 1906. This upheaval started out to be an investigation of companies, but before it was finished, it proved to be an ordeal for life insurance. Some of the companies had enemies, some had traducers. The flame of invidious comparison rapidly spread from the companies as individuals to life insurance as an institution. Unfortunately the policyholders themselves were altogether too ignorant of the technical, the business and the ethical side of life insurance. The insuring public needed to be educated. Unfortunately the press of the land knew altogether too little about life insurance, as was evidenced by many of the editorials and by many of the scare headlines which topped unjust items about life insurance during that investigation.

Seemingly things were going from bad to worse. Many of the sober minded, thinking business men of America began to lose faith in life insurance and to lapse policies in some of the companies which were under fire. Many of the newspapers unconsciously helped them along. The State insurance commissioners

of that day suddenly waked up and then became alarmed. Unfortunately, some of them took extreme views along the idea that there was nothing honest about the life insurance companies or their officials. This feeling of distrust on the part of insurance commissioners on the one side, and the feeling of dread on the part of home office officials concerning commissioners and legislatures on the other side, created a deadlock between the home offices and the insurance departments and legislatures. Neither side seemed to be willing to trust the other.

Here, then, was the psychological moment for the agent in the field. The old type of agent of which I speak had looked upon himself as an individual strictly representing his company. He looked upon his competitor as an enemy. He suddenly awoke to find that he and his imaginary enemy, working hand in hand, could serve a purpose which would not be served in any other way. He suddenly found himself standing in the center of a triangle. At one point of the triangle stood the Policyholders, at another point the Home Offices, and at the third point, the State Insurance Departments and the Legislatures. He found himself the one medium that could shorten the lines of this triangle and bring these three points closer together. He found that the first step necessary to be taken should be one of understanding.

The then President of the National Association of Life Underwriters, Mr. Charles W. Scovel, of Pittsburgh, ably assisted by willing associates, devoted practically all of his time and much money in an effort to accomplish this result. An appeal was finally made to the President of the United States in an effort to clear the atmosphere and restore public confidence in order that a new foundation of mutual trust and respect might be created whereon to rear a Greater Life Insurance.

The speaker has always regretted that at that particular time absence from this country on private business matters kept him out of the wonderful constructive work which was being done by some of those noble fellows who helped to save the situation and who are to-day the backbone of modern field conditions. Some of the names which will grow brighter as the years pass include those of Charles W. Scovel, Frank E. McMullen, Ernest J. Clark, Richard E. Cochran, Charles Jerome Edwards, William C. Johnson, Everett H. Plummer, William D. Wyman, and a long list of efficient associates who, with a singleness of purpose and an unselfishness rarely paralleled did much to steer the great institution of life insurance through the breakers of that upheaval.

The climax of the various efforts made by the President of the United States, by State Governors, attorneys-general and insurance commissioners, by home office officials, by life insurance agents, working under the banner of the National Association of Life Underwriters, and by many prominent policyholders, was what is now commonly known as the "Chicago Conference." This conference was held in February, 1906, and as Scovel puts it,

"Thus it came about that the organized agents, who, during twenty-three years had restricted their own activity to field matters exclusively were called upon to act for life insurance in general and for the policyholder in particular. The agent-delegates were enrolled with the state officials as members of the Chicago Conference. Of the many company officials present, several were allowed to speak only by special consent."

Mr. William J. Graham, the actuarial advisor to the Committee of Fifteen which developed from the Chicago Conference, delivered an address at the 1911 Convention of the National Association of Life Underwriters, from which I quote in part as follows:

"The revolution in life insurance, dating from five or six years back, has done much to develop the force of the agent in life insurance affairs. It has emphasized the agent's position as a representative, alike of the policyholder and the company. I think much of this recognition of the dual capacity of the agent was first won by the representatives of the Life Underwriters Association at the Convention of Governors, Attorneys-General and Insurance Commissioners at Chicago in February, 1906.

"This was an epochal convention, the first that ever brought together the officials of the different States in joint conference to make for uniform action and uniform laws. Company officials beyond number were present at the convention and, later, before the famous Committee of Fifteen which emanated from this convention. Unfortunately and unreasonably the utterances of company officials were discounted at that time. It was then that the agent stepped in for the recognition which was due him as a representative of the policyholder, as well as of the company. The words of the agent as spoken by Mr. Scovel and Mr. McMullen and, later by William C. Johnston, Charles Jerome Edwards and others, won from State Officials and Legislatures consideration which was denied at that time to the utterances of the officials. The agent at that time took his part in the reconstruction and in forwarding the renaissance of life insurance—and took it well."

So spoke Mr. Graham, and he was one who knew.

Prior to this Chicago Conference, the agent in the field may properly be said to have represented his company and *only* his company. His thoughts were more or less restricted. They were not upon life insurance as an *institution*, but rather upon the development of his own individual company and the fattening of his own pocketbook.

The new line of work done by the agent as a result of the upheaval, while proving of benefit to the company and to the insured, proved of greater benefit to himself. It caused him to awake and find his true sphere of endeavor. It taught him that, as the trend of modern religious thought is along the line of the Fatherhood of God and the Brotherhood of Man, so should the trend of modern successful life insurance salesmanship be along the line of the Fatherhood of Life Insurance and the Brotherhood

of Life Insurance Companies: the fatherhood of life insurance meaning the institution of life insurance as a protector of the home, the community and the nation; the brotherhood of life insurance companies meaning that each company could, in the future, best build up its own business by recognizing itself, not as an arbitrary individual, but as one of a brotherhood of companies, the basic principle of which must be the upbuilding of the *institution* of life insurance and the utter elimination of the tearing down of other companies by unethical competitive methods of doing business.

Therefore, I say, from the date of the Chicago Conference, the National Association of Life Underwriters sprang into real life. One of the manifestations of this real life was the establishment of an official journal, *Life Association News*, a monthly paper devoted to the principles of the Association and published by the association at 56 Pine Street, New York City. Mr. Everett M. Ensign, its editor, is also Corresponding Secretary of the Association.

The discovery by the agent that his primary thought should no longer be the commission which he could get from writing a policy, but rather that it should be the greatest *good* that he could do for the insured, made of him a different being. The admissions by the home offices and by the insurance departments that the agent was a representative of the policyholder as well as of the company, was largely instrumental in enabling the agent to find an outlet for his endeavors in his efforts to upbuild that for which the National Association of Life Underwriters was brought into existence.

Consequently, since the Chicago Conference, history has been made rapidly by this association. It is no longer a one-man affair. Its conventions are no longer political squabbles. It is no longer necessary for the association to hunt for timber to take the presidency. There are dozens of understudies amply able to step into the breach at any time. In the old days the president often ran the association about as he saw fit. The present plan is an executive cabinet consisting of seven men, including the president, on whom the responsibility of the success of the movement rests between conventions. Back of this cabinet lies the executive committee, holding semi-annual meetings and consisting of one member from each association. There are to-day 130 local associations with membership in the national body.

Larger opportunities must of necessity demand greater results. The National Association movement to-day is fathering a number of important things which look to the conservation of life insurance, to the elimination of evil practices and high overhead cost, to the education not only of the insuring public, but also of the student body in our colleges and high schools, to the reduction or the elimination of the taxation evil, now one of the greatest drawbacks to the fulfillment of the mission of life insurance as an insti-

tution, namely, the elimination of want. The taxation propaganda has been strongly headed by Mr. Edward A. Woods, of Pittsburgh, now president of the association.

To carry on the Campaign for these and other purposes, the Association has established its Bureau of Education and Conservation. This is a comparatively new development and has been most ably presided over by Mr. Warren M. Horner, of Minneapolis, Chairman. One of the ends desired by this bureau is a radical departure in advertising life insurance. It aims to supplement the present purely partisan type of company advertising by adding a comprehensive plan for the institutional advertising of life insurance on a non-partisan platform. A proposition so far-reaching as this must of necessity grow slowly and, as it grows, some of the details must from time to time be changed. At the present this bureau is directing, through an increasing number of local associations, the institutional advertising of life insurance by human interest advertisements and stories in the daily papers for quick consumption, ultimately to be rounded out by a district advertising campaign of like nature in periodicals of nationwide circulation.

Another movement now being directed by the bureau is the introduction of life insurance courses into the curricula of many of the universities and colleges of America. This will later be followed by educational lectures and classroom work in high schools and preparatory schools. Realizing the lack of an adequate textbook, exclusively devoted to life insurance, for colleges, high schools and general use, the bureau has procured the writing of such a book (now in press) by Professor S. S. Huebner, Ph.D., of the University of Pennsylvania, a leading authority on the subject.

Recently an effort was made in one of our large cities to ascertain the feeling of the public mind on the subject of life insurance and the life insurance agent. One of the questions asked was, "Is the average life insurance agent welcome to call upon you?" Answers developed the fact that the life insurance salesman was *persona non grata* in the offices of thirty per cent. of the business and professional men of that city where the inquiry was made.

This and other similar observances have developed the fact to the leaders of the association movement that two classes of individuals must be further educated on the subject of life insurance, namely, the agent and the policyholder. In part as a result of the educational movements fostered by the National Association, some of the companies are installing life insurance correspondence schools of salesmanship for their agents. Agencies are holding weekly meetings or periodical meetings where the agents are instructed not only on the subjects of their own company and how to sell its policies, but also on the general subject of life insurance as an institution. The larger agencies are employing salaried men

whose duties are to secure agents and to train those agents when secured, not only in salesmanship, but also in the ethics of the business. Some of the local associations are deeply interested in delivering courses of lectures on life insurance in universities and high schools to the student body and to the public. These lecture courses frequently develop an interest on the subject in the faculty of the institutions where such lectures are given. It follows that the colleges in turn add life insurance courses to their curricula. While it is undoubtedly true that some of these colleges are doing so in an experimental way, nevertheless it is a fact that to-day over seventy colleges and universities in the United States have adopted, to a greater or less degree, courses in life insurance instruction.

It is a conceded point that the public at large needs great instruction on the subject of life insurance as an institution and on its benefits to the individual, to the family, to the community and to the nation. It is further admitted that the agent is the man on whom his burden must, to a great extent, fall. Therefore, the necessity, as never before, is for agents who are themselves trained and educated, not along the narrow paths of the past, but in the broader highways of the present.

The National Association of Life Underwriters has just completed its twenty-fifth year. One month ago it held in San Francisco its twenty-sixth annual convention. Those twenty-five years have been years of struggle, years of effort, often followed by failure, years of experiment along lines, good, bad and indifferent, and in a measure years of reconstruction. Those years have not been without their successes. Particularly have the years since the Chicago Conference in 1906 been marked with decided success and advancement along all lines. While it has had, as an organization, much to do in reconstruction of old methods, it has also been busy with new and constructive building along many lines of work. It may be said that the Association has now passed the period of reconstruction and is now well out on the high seas of construction.

Its present mission and its future mission are those of usefulness and service to the greatest number of people. This can be reached only through the education of desirable agents and the elimination of undesirable agents, through correct methods of salesmanship, truthful presentation of the subject and honorable competition.

The National Association of Life Underwriters has come into its own. It has reached the full stature of manhood. It is a purely representative body. Its membership consists of the men who are the direct representatives of the companies and of the policyholders at one and the same time. The National Association, with its wider experience, and its broader knowledge, and its greater opportunities is to-day enabled to accomplish along constructive lines, much for the upbuilding of life insurance as a national institution.

Let me repeat, the deep underlying principle of the National Association of Life Underwriters is that *no man is as great as his company, no company is as great as the institution of life insurance*. If its members live up to this principle, selfishness, greed and their attending evils will be, if not entirely eliminated, so minimized as to be a negligible quantity in the future development of the institution. The agents in the field, members of this great association movement, stand ready to work hand in hand with company officials, with insurance departments, with legislatures and with policyholders for the future of the business. Its plea to the world is that the association movement be taken at its face value, that its members be recognized as the representatives of that which is highest in ethics, in constructiveness and in conservation of the business.

The National Association of Life Underwriters asks from the home office officials, from the State insurance commissioners and from the public at large, their assistance in its effort to weed out from this business the unethical, the unscrupulous, the untruthful and the destructive type of agent, in order that this movement may the better accomplish its ultimate end, which is the greatest good for the greatest number with a minimum of waste.

INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS *

By E. W. DE LEON

President, Casualty Company of America

No branch of insurance has in recent years played a more vital part in the great drama of life, both in times of peace and of war, than the various forms of casualty and surety insurance that are concerned with the question of conservation of efficiency in commercial and industrial endeavor. It is a great privilege, therefore, to be permitted to outline briefly the relation of the International Association of Casualty and Surety Underwriters to the constructive influence of insurance. This organization consists of fifty-seven leading and influential companies, seven individual members and one honorary member. The objects and purposes of the Association as stated in the constitution are: "To promote good will, harmony, confidence and coöperation generally between the members; to devise and give effect to measures for the protection of their common interests, and to observe the amenities that should exist between companies and associations." This declaration of principles does but scant justice, however, to the far-reaching and constructive influence of the Association in relation to the kinds of insurance coming within the scope of its activities.

* Address not Read.

For twenty-five years, this Association and its predecessor, the International Association of Accident Underwriters, have labored unceasingly to promote the best interests of casualty insurance, both among the companies, as well as between the companies and the public. Twenty-nine conventions have been held, at every one of which some progressive step forward has been taken to place the business upon a higher plane of efficiency and usefulness. The vital questions affecting the relations of the companies to their policyholders, such as legislation, reserve requirements, special deposits, taxes, financial statements, policy conditions and restrictions, and uniform classification of risks, are given special consideration by the Association with a view of conserving the interests of the public not less than that of the Companies.

Various bureaus affiliated with casualty and surety business were either organized by the Association or their inception originated with it. Among the more important of these may be named the International Claim Association, the Bureau of Publicity, the Hooper-Holmes Information Bureau, and the Bureau of Personal Accident and Health Underwriters. In addition to the foregoing, many organizations are identified with the activities of the Association, including the Workmen's Compensation Service Bureau, the Surety Association of America, the Burglary Underwriters Association, the Plate Glass Service and Information Bureau, and the Steam Boiler and Fly Wheel Bureau. Each of these is concerned with the better organization and maintenance of its particular lines of insurance, so as to provide the greatest possible service to the public and to meet the ever increasing demand for complete and unlimited protection. It is, however, indisputably true that the development of these associations and bureaus has created new forms of insurance to keep pace with the progress of industrial evolution in America, that is destined to place this country in the vanguard of the enlightened nations of the world.

The time at my disposal will not permit of any detailed explanation of the constructive work of this Association and of the allied organizations in the campaign of education that is conducted in the public interest. Two instances will suffice to illustrate. The advent of Workmen's Compensation for occupational accidents, with all its humanizing influences and its economic problems, and the rapid relegation of Employers' Liability for damages to the judicial scrapheap, created new conditions in the world of industry that could be met only through the protection afforded by Compensation Insurance. The leading casualty companies, members of this Association, promptly rose to the emergency and although hampered by many legal and constitutional restrictions and handicapped by unregulated and untrained competition of State funds and employer's associations, fostered by the commissions or boards created to administer these compensation acts, furnished, nevertheless, to employers of labor, in every State where such a law is in force, complete and unlimited protection, both as

respects their obligations under the Compensation Act, and as the underlying employer's liability for damages. It early became apparent, however, that physical and moral hazards of manufacturing plants vary greatly even in the same industry and in the same locality, and that a uniform rate of premium cannot always be justly applied to similar industries.

The Workmen's Compensation Service Bureau, the connecting link between the companies and the insuring public, became interested in the subject and established a department for individual rating of manufacturing plants by inspection and by applying an analytic schedule based upon a series of standards, known as "universal safety standards". A detailed description of this schedule rating system is not practicable at this time, but it would be impossible to overestimate its immense economic and financial value to employers who elect to accept the terms of a compensation law. The direct appeal to safeguard machinery and appliances and to improve conditions in factories, as respects light, air, sanitation and management, through the inducement of lower rates has resulted in a general reduction in the number of industrial accidents and diseases and in a marked improvement in the health and welfare of workers. In this result alone is amply demonstrated the great value of this Association to society at large by the elimination of a part of the economic waste due to disability or death of the employed. The reduction in the cost of workmen's compensation insurance through the application of this schedule also means a financial saving to the assured in one of the fixed charges of their business and renders the insurance attractive to many employers who might not otherwise be disposed to avail themselves of this protection. Thus it is that a wider distribution of insurance is secured at a lower average cost, while at the same time the conservation of efficiency and of the human factor in industry is encouraged and rewarded. In matters of legislation, the Association's Executive Committee keeps a watchful eye over all projected laws likely to affect adversely the relations of the companies with the public and exerts every influence to defeat the passage of such laws. When the Federal War Tax Bill was pending in Congress in August, 1914, providing that a revenue stamp should be affixed to every casualty, fidelity and guaranty insurance policy, when issued, to the amount of one-half of one per cent. on each dollar (or fractional part) of the premium charged, this Association, through the work of the Secretary, ably assisted by executives of some of the members, secured the following important concessions from Congressional Committees: Exemption from the tax of policies of reinsurance; casualty insurance on property coming under the provisions of that section of the act relating to the tax on property insurance, not to be taxed again under the paragraph relating specifically to casualty insurance. After the enactment of the law, the question was raised as to who should pay the tax, the insurance company or the assured. Varying views were ex-

pressed by different companies, but the unanimous opinion finally prevailed that the entire burden of the tax should fall upon the companies, notwithstanding that other quasi-public utility corporations, such as express companies, telegraph and telephone companies and banks invariably collected the tax from the customer. Thus again, casualty and surety insurance, represented by this Association, performs a public service that inures to the benefit of its patrons and the people at large. These instances typify the kinds of service rendered by the Association in times of peace and under normal conditions. There is, however, another kind of service made possible by the abnormal situation created by the war in Europe, upon which many of the largest financial and commercial transactions ever accomplished in this country are predicated.

Surety bonds aggregating millions of dollars have been issued on behalf of American manufacturers to the nations at war, guaranteeing the performance of contracts entered into for the manufacture and delivery of munitions and supplies. These bonds are required from responsible manufacturers, as well as from many whose financial condition and business standing can largely be made satisfactory only through a surety bond. Many so-called "War Supply Contracts" are widely distributed among a large number of producing plants in every part of the country, which have enabled employers to keep their working force fully employed during the otherwise dull season, obviating the necessity of curtailment in the number of employees or of shutting down the plant entirely. The profits accruing to the manufacturer, the steady employment secured by the wage-earner, the amount expended with contractors for new buildings and with other manufacturers for new machinery, raw materials and supplies, all would be impossible, nay even the destiny of nations might tremble in the balance and empires be rendered defenceless and impotent, except for the service performed by surety companies in meeting this critical and exceptional situation in a broad spirit of constructive coöperation, rather than of destructive discouragement.

In another conspicuous way has the Association contributed to the general uplift of mankind in the highest ethical and social sense. For many years, three gold medals are awarded annually to persons, who in the estimation of the Association have displayed great heroism in voluntarily saving human life. These awards are recommended by a Standing Committee, known as the George E. McNeill Medal Committee, and the medals are presented to the recipients or their representatives at the annual convention of the Association. History is replete with the names of brave men and women, who, either in the delirium of battle or in response to the call of duty, have been decorated by their King or their country for acts of heroism, in saving or destroying human life. We are thrilled although horrified, in these days of conflict and carnage among the nations of Europe, to read of such conspicuous deeds of bravery and of their reward. The decorations of the Iron Cross,

the Victoria Cross, the Legion of Honor and the Medal of St. Vladimir appear almost daily in the chronicles of the titanic struggle that has transformed historic cities and fertile countries into desolate ruins and utter devastation. The McNeill Medals are decorations for heroism performed under vastly different conditions. No blare of trumpets or crash of martial music, no irresistible force of frenzied combat, are the accompaniments of these acts of bravery. No call of duty to be performed prompts the risking of one life in the hope of saving another. Impelled by that Divine impulse of self-sacrifice for the cause of humanity, these heroes exemplify the highest and noblest type of bravery in their voluntary and deliberate disregard of self, of home and loved ones, of ambition, hope, even of life itself. No greater service can be rendered by insurance to the world than the public recognition of those attributes of the higher citizenship through the award of the McNeill Medals by the International Association of Casualty and Surety Underwriters.

No narrative however incomplete, of the work of the Association in relation to insurance would be worthy of record without a passing tribute to the memory of those founders of the organization who have journeyed to the land from which no traveler ever returns. They comprise the gallery of Immortals whose noble example and beneficent influence are ever the directing genius of the Association's accomplishments. The huge figure of the great Hercules portrayed upon the official poster of the Congress, forcing apart the cliffs of the continents of North and South America to admit the waters of the oceans and their fleets, typifying the personification of power, is but emblematic of the giant forces that contributed so greatly to establishing and developing this Association.

The World's Insurance Congress honors itself by inscribing the names of George E. McNeill, James G. Batterson, George M. Endicott, Christopher P. Ellerbe, Arthur W. Masters, William C. Maybury and George F. Seward among the greatest names upon the imperishable honor roll of insurance achievement.

NATIONAL FIRE PROTECTION ASSOCIATION

BY FRANKLIN H. WENTWORTH
Secretary

I am very grateful to the Chairman for his cordial, friendly and encouraging introduction of this subject. I understand the thing for me to do to-day is to connect, as briefly as possible, the relation of the National Fire Protection Association to insurance, and so very briefly I have prepared this paper.

Every profession and every business, if it is to endure and

continue to serve the demands of life, must seek out the mechanics and physical facts which underlie it, and adapt its policies to harmonize with the same. The mechanics of a business obey laws not made by man. That is why they do not yield to the human will. They cannot be altered: they can only be comprehended and observed.

Of all the so-called natural elements the element of fire is the most rebellious, the most elusive, and exacts the most constant penalties. It is no wonder primitive man attributed its possession by him to the special favor of a friendly god. Under many forms it lurks to serve mankind when comprehended, but to strike him when ignored. It flashes in the lightning stroke; it resides latent in chemical substances and fluids; it lies potentially in common wood and coal awaiting man's need and call.

The scientific basis of fire insurance is not acumen displayed in the investment of premiums; it is the comprehension of the habits of fire. After centuries of primitive assumption that the destruction of a man's house by fire was an act of God we know now that every fire which occurs where it is not desired is the direct result either of man's ignorance or neglect.

In less than half a century fire underwriting has evolved from a status largely a game of chance to one reasonably scientific. It is not the individual property which any longer baffles the intelligent underwriter; it is the sweeping fire or conflagration hazard which survives in our cities, still built largely of wood, that furnishes the old element of underwriting uncertainty and concern. This element it requires community action or coöperation to eliminate, demanding first a public comprehension of the dangers, and then the collective will to apply modern engineering correctives.

The twenty years' researches of the National Fire Protection Association into fire causes, and its carefully digested records of more than fifteen thousand fires in properties of every variety, have produced a literature from which reliable conclusions may be drawn respecting the hazards existent in any individual risk. On the other hand the mechanical appliances for retarding and extinguishing fire, which the activities of the Association have developed, make fire control so reasonably certain as to leave no class of industries any longer undesirable or unprofitable from an underwriting viewpoint if proper attention to their safeguarding is given.

Having for many years rendered this special engineering and research service to the underwriters, which service it still continues to render, the National Fire Protection Association some six years ago awakened to a larger responsibility and effort. The increasing proportions of the fire waste and the public negligence and indifference of which it was the result demanded a large and persistent educational effort. The people staggering under the amazing economic burden of the fire tax, and not understanding that the reason for it lay in their own habits of life, had begun

hostile legislative attacks upon the fire insurance business, the only agency which under existing conditions stands between their communities and possible annihilation. In its work of public information, designed to illustrate the causes of this excessive fire tax and to point out the logical and reasonable methods of its reduction, the association has had the constant and loyal coöperation of its underwriter members, and direct financial assistance from the principal American fire insurance organization, the National Board of Fire Underwriters.

The educational efforts of the National Fire Protection Association have been various and have covered and continue to cover a wide range. A fundamental need was the preparation of an entire literature in terms the public might comprehend. This great work has been accomplished, culminating last year in the publication of "Field Practice," the Association's fire inspection manual, already the official hand-book of the leading inspection departments of the country, state, municipal and underwriting, and indispensable to any one in any position charged with the care of property.

Every available avenue has been followed to bring the Association's popular and engineering literature to the attention of the people collectively and individually and to secure the public and private adoption of safeguards designed to reduce the profligate and shameless ash heap of the nation. Model building codes and model laws and ordinances for the reduction of hazards have been evolved; the establishment and observation of fire prevention day have been promoted; constant and regular housekeeping inspections by members of city fire departments have been successfully advocated; the establishment of the office of fire marshal in many states and cities has been accomplished; fire prevention instruction in the public schools has been urged, and many less conspicuous efforts have been made in directions calculated to bring desirable and enduring results.

The National Fire Protection Association is the university of the student of the fire waste. Its membership is found in every country of the civilized world. It furnishes to the United States and Canada the forum in which meet for debate, for enlightenment and for the reconciliation of differences, underwriters, fire chiefs, insurance commissioners, fire marshals, engineers, architects, builders, manufacturers, and many others in various walks of life, whose business interest or good citizenship leads them to join in a common effort to improve the living efficiency of their country and to rescue it from needless economic impoverishment by an easily avoidable fire waste.

The Association's work of public information is bearing its proper fruit. From all parts of the nation now come protests against the reckless habit of our citizens respecting fire, and the cry for a civic and engineering knowledge and experience with which to combat it. This is the service of the National Fire Pro-

tection Association: To equip from its treasury of research and information all of the knights of American progress who desire to break a lance against the nation's active and persistent enemy—the Scourge of Fire.

ASSOCIATION OF LIFE INSURANCE PRESIDENTS

BY CHARLES A. PEABODY

President, Mutual Life Insurance Company of New York

In an address delivered last winter at a gathering of business men in the Middle West, President Wilson urged them to lend aid, through the association to which he was speaking, to the framing of legislation, saying:

“It is very instructive and useful for the Government of the United States to have such means as you are ready to supply for getting a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest, because information is the very foundation of all right action in legislation. . . . Men on the inside of business know how business is conducted, and they cannot complain if men on the outside make mistakes about business if they do not come from the inside and give the kind of advice which is necessary.”

The need which the President recognized and asked these business men to supply was a helpful and constructive attitude on their part, based upon their intimate knowledge of what would protect the public against the unscrupulous, without doing injury to honest business. He asked that the information and help be furnished through an association such as he was addressing, to the end that it might represent their common interests and a collective point of view.

It is, therefore, a matter of satisfaction to be able to note here and on this occasion that, for a period of over eight years prior to the delivery of the President's address, life insurance companies had been doing, for the protection of their policyholders' interests, just what the President said was needed for the guidance of lawmakers in dealing with business institutions.

The Association of Life Insurance Presidents was organized in December, 1906, under a constitution in which, among others, the following object was set forth: “To consider carefully important measures that may be introduced from time to time in legislative bodies with a view to ascertaining and publicly presenting the grounds which may exist for their adoption or rejection by the legislature.”

That this was a job of no small proportions is shown by the record of the proposed legislation it has been called on to consider in the nine years of its existence. During that time Congress and the

legislatures of the various States have held 258 regular sessions and, in addition, more than 75 special sessions. In these sessions over ten thousand bills affecting life insurance companies and requiring careful scrutiny by them were introduced. In verbal volume this flow averaged during the "open seasons" for corporation baiting more than 15,000 words a day. In purpose and intent these bills ranged from control of what agents might say in their canvassing activities to direction in detail of how books should be kept and accounts rendered by the home office. They even directed the formulation of the contracts which might be made with policyholders and specified the periods of time under which companies would be obligated to fulfill their side of the contracts even after policyholders had defaulted in their payment of premiums, to the disadvantage, of course, of their persistent fellow-policyholders. In this flood were included many proposals to increase by vast amounts the six or more separate and distinct varieties of taxation already existent, under which policyholders have actually contributed to the support of the Government during these same nine years over \$105,000,000.

An attempt to classify these legislative "musts" and "don'ts" shows 70 separable and more or less distinct species, with several hundred left over for the miscellaneous column, because they were unlike anything ever proposed before. Such was the legislative output which life insurance companies have had to read, analyze, criticize, commend or oppose during the years 1907 to 1915, inclusive.

Here, therefore, do we find at least one reason, and it seems to me a very potent one, for maintaining an association and manning it with specialists in the field of law-meaning and law-making, to the end that this vast mass of legislation may be analyzed from the standpoint of policyholders' interests with a view to showing legislators what would be the effect of such laws if they were placed upon the statute books. While other business institutions and even the States themselves are now establishing bureaus for the giving of expert advice with reference to proposed legislation, life insurance companies were induced to take the lead in this movement because of their extensive and intimate relation with the public at large under contracts involving not merely one transaction, but a continuing series, limited in period of time only by the years their policyholders may live. These long-term contracts reaching back into days when statutory control of business had been little thought of in this country and the business was in its infancy, practically compelled life insurance companies to point out to legislators the effects of pending legislation on existing contracts, which the legislator himself had never intended when preparing his bill to control future action under modern conditions.

On the other hand, there has been reason for the enactment of many laws needed to meet new conditions, and, as to this, such an

association as I speak for is equipped to give valuable aid and advice by pointing out what can be done to protect the public against that which is bad, without destroying or seriously interfering with that which is good. It was for such constructive help that the President made his appeal, and it is along this line that I feel the Association of Life Insurance Presidents has perhaps been most useful. At any rate, we know that during the nine years already referred to, while there have been enacted at least 30 statutes directly affecting the interests of life insurance policyholders—many of them being complete insurance codes—with but few exceptions they have not been seriously harmful to reputable life insurance companies.

Another important object of our Association, as expressed in its constitution, is “to promote economy and reduce expenses in the matter of general administration by an interchange of views on practice among life insurance companies”—in other words, to maintain a clearing house of information and a forum in which may be discussed all questions relating to the betterment of life insurance service.

This is a very broad field of interest and at times one difficult to occupy without conflicts such as are likely to spring from varying individual opinions and interests. We have, indeed, had occasion to recall at times Mr. Morton's prophecy at our first meeting that “clouds will now and then hang over us, that temporarily we will entertain poor opinions of one another's views,” yet on the whole such discussion has been most useful and has always worked to the advantage of our policyholders. Its range and ramification are indicated by the appended lists of subjects* which, among others, have been considered at meetings of the Association and its Executive Committee or concerning which special inquiry has been made through correspondence and investigation on the part of its officers and employees.

When we come to realize that these discussions and inquiries, largely related to technical subjects having directly to do with the proper management of the life insurance business, have actually resulted under a provision for “an interchange of views on practice of life insurance companies,” it will, I think, be conceded that the Association has rendered a most valuable service to its members acting in their capacities as trustees for millions of American policyholders.

It has been estimated recently that nearly 4,700 statutory requirements or prohibitions relating specifically to the life insurance business are to be found in the laws of the various States. Among these are 946 imposing specific penalties for failure to observe the law's command. In many instances nothing short of a last guess by the Supreme Court can establish with certainty what the law in question really means. It would be sufficiently difficult to carry on a business under such a multiplicity

* See end of Address.

of laws if they were in one code and applicable alike in all States. But, in fact, there is great dissimilarity between the laws of different States. With such a maze confronting each company, the Association of Life Insurance Presidents undertook the preparation of a card index of statutory requirements on which were noted, under appropriate classifications, the numberless provisions governing the conduct of this business. This card index was placed in the hands of members and is kept up to date by reprinting cards as occasion may require. It covers not only laws, but, to some extent, rulings of commissioners, opinions rendered by attorneys-general and important court decisions. The magnitude of this work is shown by the fact that its preparation and the revision required during the three years in which it has been in use has compelled the printing of 8,313 cards, each containing from one to six notations.

A feature of this index is a card calendar of statutory requirements on which notice is given of things which must be done throughout the year, such as filing statements, making tax returns, securing renewals of licenses, etc. An examination of these cards shows that in order to retain the right to do business in the different States or to avoid the payment of penalties, there is not a single month in the year when there is not required some compliance with statutes on which depends the company's right to continue doing business in some of its territory. So numerous and so onerous are such requirements and so many the days on which prompt attention is of prime importance, that most of the larger companies maintain a bureau, the function of which is to determine what must be done and to see that whatever is needed shall be done within the time limit imposed by the statutes of the several States in which the companies are doing business.

A few years ago statutory regulation, in detail, of the life insurance business was left largely to less than a half dozen States which had taken the lead in the matter. Now the tendency seems to be toward each State enacting a complete insurance code of its own, thereby multiplying very greatly the danger of legal entanglements. As there seems to be no tendency toward repeal of these laws, it is not difficult to understand why it is advantageous for companies to coöperate in their efforts to keep informed regarding what the various laws require of them. Generally speaking, it is not possible to rely on a moral sense of what is right or wrong, since there are numberless instances in which what is legal and deemed perfectly proper in one State has been made unlawful and is regarded as heinous in another. In fact, the number and variety of penalties imposed for violation of statutes relating to our business sometimes makes us wonder that any executive officer is able to remain at large.

The library of the Association of Life Insurance Presidents contains about 3,500 volumes and 1,500 pamphlets, including current reports and the usual technical works. Its chief distinc-

tion and perhaps its greatest value rests in the effort being made to keep its members in touch with current public opinion in so far as it finds expression in the public press. This is accomplished by systematically reading and clipping insurance news as it appears from day to day. The accumulation up to this time—all duly classified and indexed—amounts to more than 90,000 items, many of which are growing in historical value as they decline in current interest. This system not only gives information regarding local discussions of life insurance topics, but also furnishes data regarding the organization of and progress being made by life insurance companies throughout the United States. It is arranged, classified and indexed under about 900 main headings and 200 subheadings.

Inasmuch as this business has been brought under direct control and guidance of insurance departments in the several States, it becomes necessary to have at hand up-to-date information regarding the personnel of these various departments. Since they are more or less subject to the vicissitudes of partisan policies, a great many changes take place, as, for instance, during the past year, when there were twenty-four changes in the heads of such departments, to say nothing of changes in the positions of deputies, actuaries, inspectors, etc. Information regarding these changes is gleaned from the Association's clipping service and furnished to members by means of a bulletin service covering this and other matters of current interest and importance.

"To promote the welfare of policyholders" is another subdivision of our activities, as outlined by the constitution. An important development under this heading has been the effort to prolong the lives of policyholders. Soon after the formation of the Association, careful consideration was given to the question of what might be done toward improving the mortality risk among our insured. This study was not designed to produce something in substitution for the present examination of applicants for insurance, but to aid in keeping the policyholders in as good health as when that examination was made. We frankly approached this subject of prolonging the lives of policyholders strictly as an economic or business proposition and not from the sentimental side of longer years for the individual. But, of course, if we succeed in decreasing the mortality factor of cost, policyholders' lives will be lengthened. This, we find, has made a strong appeal to the imagination of our insured, and has excited great interest in our efforts. Therefore, our activities in this field promise to work out satisfactorily in more ways than one.

Various other subjects have been taken up under the heading of "Welfare of Policyholders," ranging from reduction of the lapse rate in life insurance to the development of contracts designed still further to protect beneficiaries in the matter of conserving policy proceeds.

But it is useless to attempt enumeration of Association activities

under this provision, because in the last analysis it is inclusive of everything that is being done for the betterment of life insurance service. It is all for the welfare of policyholders. The institution of life insurance is fundamentally a coöperative enterprise and in the main is being conducted on the purely mutual or coöperative plan. It is not surprising, therefore, to find life insurance companies thinking of their common interests and preparing themselves to speak for their policyholders collectively rather than for them as they happen to be grouped in the several companies. In this business the words "rivalry" and "emulation" describe our strivings with each other more accurately than the word "competition."

While I have recited a number of objects for which our Association was formed, I am not unmindful that a statement of constitutional "objects" loses interest and importance in a diminishing ratio with advance in years of an association's existence. We then look at the work which has been done and the spirit which has prevailed rather than to verbal proclamations of purpose or belief.

New Year resolutions made by a young man may be worthy of attention and perhaps command respect even though he is not living up to them, while similar declarations of intent coming from a man in middle life would serve but to brand him as a hypocrite if they failed to coincide with his known reputation and habits of life. Corporations and associations likewise develop characteristics and habits through a long period of existence which tend to make their declared objects and purposes of little meaning. Hence it is that, in connection with stating the professed objects of the Association of Life Insurance Presidents, I have taken occasion to refer to the field it has actually occupied and the work it has really done in the past. It began, and has continued, with recognition of the fact that right action among men may generally be determined upon by finding out and doing that which is for the good of all. And by the same token wrong conduct can usually be avoided by refraining from doing that which is intended to promote the interest of one at the expense of the many. In other words, the guiding rule has been to promote common welfare as against individual interest where the claims seemed to conflict. I emphasize this because it seems to me there is no principle in corporation management that, in the temper of modern times, is so in need of being thoroughly understood by corporation managers. While corporations were brought into being to meet the need for coöperation among individuals in their business activities, we have learned that greed did not become a virtue merely because it put on a coöperation cloak. President Lowell, of Harvard, has sounded the note of warning in his recent book on Public Opinion, in which he says: "No one can have observed social life carefully under any aspect without seeing that coöperative interests have in some measure replaced personal

ones; that in its conscious spirit Western civilization has become less individualistic . . . This is among the dominant notes of our time, and while the change is for the better, . . . that very fact whether the body be a bank, a railroad company or a trade union may cover with a gilding of altruism what is after all only co-operative selfishness."

Officers and directors of life insurance companies may, for practical reasons, be compelled to regard their field of responsibility as being limited to the interests of policyholders in the company which they happen to represent, but this is not, and cannot be, true of an association which includes many companies and lays claim to being representative of the institution of life insurance as a whole.

It is interesting to note that civilization has been marked at all stages of its development by the extent to which the rights of the individual have been subordinated to the common rights of ever-enlarging groups and alliances. In primeval contests for supremacy it was man against man. Later and in successive order it was clan against clan, tribe against tribe, State against State and, finally, in this year of grace 1915, it is nation against nation, wholly unmindful of the fact that in every case the superior right rests with neither of the warring factions, but upon the interests of humanity in general, and that in the end every alliance, whether it be family, State, nation or big business must give way to what is best for the world at large.

It has been suggested that the chief function of associations such as are represented on the program here to-day is to disseminate among the people reliable and trustworthy information regarding the several branches of business they represent and that in doing such they should be considered insurance universities. While I have tried to show on behalf of the one I speak for that it has done, and must continue to do, much along this line, I would like to close with another thought. It is my feeling that chief emphasis should be given to the important part these associations play in the education of their own members regarding what their attitude should be toward each other and in relation to the public. One of their most important functions is to teach their members to take a common point of view and to stand for common interests as against the interest or preferences of any one of them. It is for them to teach practical coöperation by showing its uses and benefits; to inculcate the spirit of brotherhood by providing an organization in which it must be the guiding principle and a place where it can be exemplified:

Age, misstatement of.

Amortization of bond values.

Annual reports.

Ante-dating policies.

Board contracts.

Business insurance.
Cash surrender values.
Codes, insurance.
Colleges, life insurance training.
Commissions, agents'.
Competition in life insurance.
Conflict of laws, rulings, etc.
Conservation, general.
Contingency reserve.
Convention blanks.
Coöperative advertising.
Cost of new business.
Disability benefits.
Distribution of investments.
Distribution of surplus.
Dividend accountings.
Dividends, nature of.
Emergency loans on policies.
Estimates, by life insurance agents.
Examination of policyholders.
Farm mortgages as investments.
Fitting policy to policyholder.
Forms of protest.
Forms of release.
Group insurance.
Guaranteed dividend policies.
Income policies.
Insolvency.
Insurable Interest.
Interest rate on policy loans.
Interest rates, general.
Investments.
Land credit banks.
Limitation of surplus.
Limitations on expenses.
Limitation on new business.
Medical examinations.
Medical fees.
Mortality experience.
Mortgage loan investments.
Need for better vital statistics.
Partnership insurance.
Permanent disability policy.
Policy forms and provisions.
Policy loan problem.
Premium note provisions.
Railroad investments.
Rebating.
Rural credit systems.
Select and ultimate valuation.
Standard policy forms.
Substandard risks.
Suicide.
Surrender and loan values.

Systematic training of agents.
Twisting policies.
Unfair advertisement.
Unfair competition.
Valuation of policies.
Warranty, breach of.
Women as life insurance risks.

NATIONAL COUNCIL OF INSURANCE FEDERATION EXECUTIVES

BY MARK T. MCKEE

Secretary and Treasurer

Mr. Chairman, Members of the Congress: In my own home city, Detroit, where we consider life is worth living all of the time, and where once in a while an automobile is made, we have a maxim that "the shorter the spoke the lesser the tire." It is my personal belief that this applies just as well in the making of speeches as it does in the making of automobiles, and I have endeavored to carry out this thought in the paper which I will now present.

Insurance organizations are not of recent origin as is shown by the number and character of those who are participating in the events of the World's Insurance Congress.

Organizations among various branches of insurance have sprung into existence from year to year, to establish good business practices, to determine questions of ethics and, when they occur, to adjust differences between agent and company. None of them, however, has met with much success in important legislative matters. In fact, no organization has been in a position to challenge successfully the invasion of State Insurance into a dozen or more States.

Not until one important branch was taken over by the State of Ohio and all the other lines were seriously threatened, did the coöperation of all classes of insurance find expression in the Insurance Federation idea. As this idea became a practical and potential fact in State after State, there presented itself the necessity for a closer unification of activities and a standardization of the work among existing Federations. For this purpose on May 25th last, in Chicago, the National Council of Insurance Federation Executives was organized from the officers and governing boards of the various States Federations, and it is in behalf of this movement that I address the Congress to-day.

No organization has an economic right to exist that does not fill a crying need, nor has it an ethical right to exist if it does not perform, through high moral purposes, a great duty to the public.

In view of these basic facts, has the Federation justified its existence?

The Insurance Federation was formed for the purpose of uniting and welding into one great, fraternal coöperative and protective association, the many thousand insurance representatives and citizens directly and indirectly interested in the insurance business. Its work is distinctive: It in no way conflicts with the purposes of other organizations, but it works hand in hand with them. The interdependence and interrelationship of all insurance lines is fully recognized in the Federation idea. It was the outcome of a conviction that the interests of the policyholder, agent and company are one, and in doing that which is best for the policyholder the agent and company are doing the best for themselves. It is a great protective movement in the defense of the interests of insurance which has become of incalculable importance to satisfy a growing economic demand. Through constructive publicity, it opposes all that is harmful and vicious in legislative matters.

The Federation idea, which first found expression in the form of organization in Ohio, came too late in that state to save the casualty line, but it had a salient influence in checking a well planned movement to make serious inroads on every other class of insurance. It changed the entire course of affairs in the State of Missouri, where a State Insurance Fund was advocated by several members of an important Senate Committee, which later thoroughly investigated the Ohio State plan and made a strong adverse report. Pennsylvania found in the Federation a tower of strength in a long drawn out campaign, resulting in the enactment of a competitive Workmen's Compensation Law. Minnesota, through its Federation, has wonderfully protected the interests of the fire, casualty, and surety lines while in Iowa its work was rewarded with pronounced success in the prevention of a deeply laid plan to substitute a State Fund similar to that of Ohio for the present Workmen's Compensation Law. In the same State the Anti-discrimination Law, affecting fire insurance interests in a special way, was successfully carried forward by the Federation, although other organizations had tried in vain to bring about the same result. In Illinois, with the Superintendent of Insurance, ably supported by the State administration, the Federation, through a widely diversified membership, was unsparing in its effort to bring about the defeat of proposed State Insurance and other measures directed against the fire insurance business. Indiana can thank the Federation movement for one of the best Workmen's Compensation Laws in all the country. It was a strong united effort that saved this State from making a sad economic blunder like Ohio, West Virginia and Washington. The States of New York, Michigan and Kentucky are well in line and are doing most effective work.

It would seem that the failure of the State Fire Insurance Fund covering public property in Wisconsin for the past ten years

would open the eyes of the law-making bodies of the country. Governor Phillip of that State has pronounced it a failure and has asked for its repeal. The Wisconsin State Life Insurance plan has also made a very poor showing. At the end of three years the fund had only 311 policyholders, 100 of which were students who were induced to patronize the Fund in the interest of a certain memorial which would benefit by it. \$219,000.00 of insurance indemnity is all that is now represented, whereas the people of that State during the same period made some 300,000 applications, compared with 311, for about \$200,000,000.00 of regular life insurance in companies and legalized fraternal organizations. The foregoing not only shows how inefficient and even wrongful is the onward march of State Insurance, but it also clearly indicates that the whole structure of underwriting is threatened.

The North Dakota State Hail Insurance Fund has an unsatisfactory record and is paying indemnity only in part out of its depleted Treasury. The Washington scheme of Workmen's Compensation has been condemned by both employer and employee, while in West Virginia last winter, when stability and solvency were most essential, one sub-division of the State Fund became wholly insolvent. The Ohio plan, which is a sort of cross between mutual and self insurance, has already developed shortcomings of a pronounced character. The employer has found that there is a dangerous, unavoidable open liability that cannot be covered in the State Fund, and that the present partial protection at an alleged low rate is often followed by serious penalties, to make up for the inadequate charge. These penalties, being very unpopular, were superseded on July first by a rule permitting an increase, during any six months, of 24 per cent in the premium charge. Even labor in Ohio is finally waking up to the fact that the State Fund really guarantees nothing, simply paying out money as long as it lasts, and that they of all people should be in favor of good dependable insurance. Shall we allow a theory which, so far as tried, has been found wanting, to supersede an institution that has become an economic necessity and has stood the test of time? Should the mistaken opinions of the public be allowed to blind them to the superiority of the business which has commanded some of the best intellect and effort of generations?

There is an idea prevalent that the Company and its representatives should be eliminated, and that certain insurance benefits should be administered solely by the State and at the expense of the taxpayer. Is there any valid reason, either economic or ethical, why a subsidy from the State Treasury should be annually set aside to carry on the insurance business? Just as well furnish food products or any of the other necessities affecting the whole people. No argument can be urged in favor of this plan that will not apply with equal force to any other business. The company, with its capital, surplus and reserve, furnishes the stability and wide distribution of risk so essential to sound insur-

ance. Through the medium of its agents and other representatives, it performs a service to the Nation in the protection of the individual that the assured cannot well do without, and for which the well informed are willing to pay.

The mission of the Federation, therefore, is to educate the public through intelligently handled publicity and to awaken our citizenship to the dangers of present day tendencies. It is the special function of this movement to turn on the searchlight of truth so that the policyholder, office holder and office seeker alike may recognize the justice of our cause. The insecurity of the country to-day is in the rule of the uninformed. The unenlightened mind, warped by prejudice, by what he hears and sees but does not understand, is a dangerous factor in business life. Such men find their way into the legislative halls of the country and join hands with the theorists, until the whole business fabric, as well as commercial progress, is in jeopardy. There is an immediate need for us to counteract the theories and fallacies of the well-meaning, but misguided citizen. The protective idea finds its greatest strength in educating the same citizens to a fair and a definite understanding of proper insurance methods in giving the best possible service at the lowest possible cost consistent with safe protection; in informing the insurance buyers as to the particular benefit of each form of insurance and the important part it plays in their business affairs as well as in the home; in making more popular the business of underwriting so that its benefits may extend more generally to the masses. Under such conditions it will be much easier to widely distribute insurance benefits.

Through education, coöperation and organization, strengthened by intelligent and persistent publicity, the movement seeks to bring to the policyholder, the insurance agent and the insurance companies a fuller realization of the fact that they have a common interest to foster, as well as to protect against destructive acts and measures both public and private. Those engaged in every class of insurance together with the assured are represented in its membership. Each has equal representation on the Executive Committee, which shapes the policies and directs the affairs of the various State organizations, coöperating with the National Council. The Federation strongly features the necessity for coöperation with the public in enacting and enforcing just and beneficial insurance laws.

In carrying out its aim, the Federation finds its most potent strength in a close alliance between the buyers and sellers of insurance. This will result as a matter of course in a better understanding between the underwriting profession as a class and those who are in public positions, who can so easily promote or retard business.

A Publicity Bureau conducted in the interest of every branch of insurance should be maintained. We need to have the wholesome facts concerning insurance constantly before the public. No

false or damaging statements or note of discord should go unchallenged, and as a result few, if any, would appear in print. A campaign for a wider knowledge and a more definite understanding of the insurance business should be extended to the law-makers and administrative officers, as well as to those who are seeking official preferment.

The movement has had a splendid reflective influence on the companies and agents, arousing a greater interest and pride in what is now the second most important business in the country. Representing as it does the insurance business in its entirety, the position of the Federation is greatly strengthened before legislative bodies and executives, not only giving it wider authority, but also stripping the movement of any appearance of individual self-interest. Confining itself to basic questions of wide general importance, civic organizations, such as Chambers of Commerce and Business Clubs, welcome its advocates at their public meetings as speakers, and the columns of the newspapers are always open for such insurance news as may be of general interest. As part of the logical educational program of the Federation, such publicity, supported by a general spirit of coöperation, will materially help insurance to gain a firmer foothold on the slippery rock of public opinion.

It is a grave undertaking, the magnitude of which can hardly be comprehended, to suspend the underwriting operations of almost a half hundred companies and several thousand efficient agents who are not only skilled in the duty of safeguarding the interests of the employer and the employee, but citizens and taxpayers as well. This was done in the great industrial State of Ohio, with a view to placing the momentous task in the hands of a politically appointed self-regulated Board whose tenure of office, in the very nature of the position, can only be temporary. Although as far as possible, the experience and precedence developed at the expense of the insurance companies are openly appropriated by such Boards, this kind of supervision is most inadequate for so vast and important a business as insurance. The State is wholly out of its natural element under such conditions. The Federation maintains that the State has no right to tax a citizen for support and at the same time either compete with him or wholly confiscate his business, as it has done in several States. It also takes the position that the State, under our form and ideals of government, has no right to enter into any kind of business that can be conducted as well or better by the citizen.

How many law-makers carefully weigh all that is involved in a proposed legislative measure? It is our duty and privilege to join the vast army of insurance workers in a concerted effort, to see that insurance is properly represented in the law-making bodies of the country. In its entirety, it is financially the second largest business of the Nation. It furnishes more than a quarter of a million voters from the ranks of its agents, and probably a

half million more from the Home Offices. Therefore, many more representatives should be in the various State legislatures and in Congress from the ranks of the insurance men. As a rule, insurance men are among those who are most prominent, active and influential in their localities. They have a large diversified clientele among the leading people of their communities, and when it is understood that the votes of a rapidly increasing citizenship made up of insurance workers may be jeopardized through the passage of vicious legislation, it will operate as a powerful restraining force upon those who regard our business as a convenient stepping-stone to office.

The burden of exorbitant tribute in the form of taxes is increasing from year to year until the total exacted, in one form or another, is so far in excess of the actual need and so out of keeping with the basic idea of insurance taxation, that it may well astound not only the company and agent, but also the insurance buyer. Nearly twenty millions of dollars are collected annually for the purpose of supporting the insurance department of the various States. It requires less than one-tenth of this amount to liberally support all of these departments. In other words, more than eighteen millions of dollars are collected yearly in excess of the amount necessary to carry out the purpose for which the taxes are levied. In Ohio, for example, less than \$5.00 out of every \$100.00 collected is used. This does not include the enormous unwarranted tax on life insurance reserves, the taxes on the property holdings of the companies, nor the agents' license fees. These forms of legalized extortion are increasing annually and enlightenment along this line is imperative, bringing home to the policyholder the fact that he in the end must stand the burden.

A movement which includes in its membership not only every class of insurance activity, but also the insurance buyer, is a decided departure from the ordinary. Any decisive step, whether right or wrong, finds its critics, and the Federation has not been an exception. But surely whether engaged in one branch of insurance or the other, all can agree that it is important that the public be better informed, that the legislators and executives of the country have a proper understanding of sound honest insurance methods. The insurance fraternity itself needs more enlightenment, a stronger vision and a broader perspective in this great profession, so that the real gravity of the situation which has arisen will be more keenly appreciated.

In returning to the question of the justification of the Federation's existence, part of its performance of duty to the public is only just started—that of educating them to the knowledge that insurance is synonymous with common sense self protection. That the movement was born of an urgent necessity you must surely acknowledge. That it has already accomplished a great work in checkmating the ruthless measures of politicians must undoubtedly be granted. If, in its youth, its achievements are so note-

worthy, does not its full growth promise the complete fulfillment of its ethical and economic obligations?

NATIONAL ASSOCIATION OF CASUALTY AND SURETY AGENTS

BY WILLIAM G. WILSON

Manager, Aetna Life Insurance Company

Mr. Chairman, Ladies and Gentlemen: In rising to speak before the World's Insurance Congress, it is a pleasure to represent the Association by which I am accredited and is an honor and a privilege quite beyond my ability amply to discharge.

The National Association of Casualty and Surety Agents—as its name implies—embraces the field men in the vast and varied departments of underwriting, which may fairly claim to include all except those engaged in life, fire and marine insurance.

This Association's existence is already justified by its accomplishments. It has attracted and centered the loyal support of the leading minds of our business—from the uttermost limits of the United States.

It has been accorded a degree of recognition by the Insurance Commissioners of over twenty States in joint meeting—quite beyond precedent—and its deliberations have been so constructive as to prompt the International Association of Casualty and Surety Underwriters (which is composed of the company executives) to hold their last two annual conventions at the same time and places; and upon concurrent action these thoroughly representative bodies have appointed a Committee of four members from each—to act as permanent monitors of conciliation and coöperation.

Our Association has a definite mission of constructive militant service.

This great World's Insurance Congress is a veritable clearing house for the ideas which actuate the Insurance world.

So closely interwoven are many insurance interests that, to avoid trespass upon subjects which have been and will be discussed by others, I shall endeavor to limit my remarks to the dominant impulse out of which has grown the movement espoused by our particular Association.

I fear no contradiction in asserting that business associations all spring primarily from the instinct of self preservation, self interest and self advancement.

That these ends may be attained by praiseworthy and laudable means we of the National Association of Casualty and Surety Agents believe.

We recognize that while our self interest is of direct special concern to our members alone, we must rely upon a strong and

persuading tie to bind us to equally impelling self interest of other but co-related groups of men.

To do this opens a field so vast and so splendid as well to challenge the highest ideals and activities embodied in our motto of "SERVICE."

We make no claim to a sentimental idealism in rendering service, but rather do we realize that any business enterprise best serves itself by radiating to those within its sphere of influence such genuine good that the virtues of that business are admitted, and hostility to its just requirements and fair compensation to its exponents is stilled. The tocsin which served as an emergency call into being—for our Association—was the political invasion both competitive and regulatory to which a most important department of Casualty Underwriting has been subjected. I speak of the development of Employers' Liability.

From time immemorial certain pecuniary obligations have attached to an employer for accidents to his work people. Through a progressive process in step with advancing industrial conditions and designed to better distribute the burdens of unpreventable work accidents, a basis of fixed or assured obligation to each and every injured has been evolved, and is generally known as Workmen's Compensation.

In our governmental organization in most States, the adoption of civil service codes has operated to reduce greatly the supply and number of jobs for the faithful spoilsmen. In casting about for new opportunities to meet this need, the political place hunters seized upon this "Workmen's Compensation" as a shibboleth, making all possible claims to originality and discovery in seeking a warrant for the State to embark in the insurance business. Two or three States sought to make state insurance compulsory, while several others—more cautious—made it optional and competitive, although by far the greater number of States judiciously kept "hands off," apparently realizing that our government is designed to legislate for and not to strangle or annihilate the affairs of the people.

Time will not permit a discussion of the merits of state insurance, but no less an authority than Governor Goethals of Panama, speaking before a vast audience at the exposition on September 7th, said that "such business and mercantile activity as had been forced by local conditions upon our government in the Canal Zone had been proclaimed by socialists as a vindication of the efficiency of their system!" Governor Goethals said, "Nothing could be further from the truth, as such administration had been strictly autocratic and not socialistic."

This Congress—impressive by itself—is only another prism in that tower of intellectual jewels begotten by the Panama-Pacific International Exposition and, if we further pursue its genesis, we find that the great canal itself is but a new thing which will, in a very short space of time, come to be regarded as indispensable

to the world's commercial progress. I hope we are not presumptuous in drawing an analogy between the Panama Canal and the National Association of Casualty and Surety Agents.

Both serve to connect large bodies,—for our part the vast insuring public on one hand and the multitude of insurance companies on the other.

It has been clearly shown at this Congress how impossible it would be to carry on the titanic operations of modern commercial life without the ample guarantees of insurance and suretyship offered by the companies we represent.

Our interest dictates and the perpetuation of our calling depends upon the ability, wisdom and care by which we maintain the delicate balance of accord between Insurer and Insured.

One of the monuments to our profession is the almost limitless service and facility afforded by insurance men for bringing together the insured, with his manifold and often intricate requirements, and the guarantors with compelling need for preserving their solvency and stability by just and adequate rates.

Our calling has, in many unhappy instances, suffered through the infliction upon this profession of those men who, failing elsewhere, turn to insurance work because they think it is easy. If every such man had enduring success I have yet to learn his name.

In every department of underwriting endeavor ability of first rank is in constant demand.

The prime purpose of our Association is to safeguard and preserve the opportunities for useful and lucrative employment, that men of character, force and honesty may continue in its ranks.

Believing, therefore, that insurance agents have a man's work to perform—this Association designs to adopt, promote and expand that high standard of service which senses and satisfies the requirements of the insurer and covers with the shielding panoply of carefully underwritten contracts or bonds those transactions and interests which constitute the great body of world business with which we have to deal.

If we can attain our ideals in this service, we hope to merit and secure for ourselves that mutual confidence and trust which will liken us to the great channel between the Panama of the Public and the Colon of the companies.

In practical application this Association seeks to instill into its membership the appreciation of a threefold character of duty incumbent upon every Insurance agent worthy of the name. These sub-divisions of duty are Salesmanship, Administration and Conservation.

Salesmanship is finished when the order is secured. At this point Administration imposes the particular task of intelligently meeting the insurance needs of our client and attending to them during the whole course of the undertaking.

Conservation involves a broad conception of the underwriting

principles and the actuarial problems—the repression of unjust or frivolous claims and the inspection and correction of physical defect either in persons or in property.

Unlike those associations whose chief concern is to improve the methods of others, we believe that reform in this branch—like charity—begins at home and to square the practices of insurance negotiators with the golden rule—to cultivate in the public mind an appreciation of the need, economy and comfort arising from the sense of security in being fully insured—and to protect the company as well as the insured from imposition, thereby showing cause and warrant for our being.

This may constitute an ambitious program, but it clearly marks our path ahead.

Composed of many units, all having in one way or another a common interest in disseminating the benefits of insurance—this World's Congress contains the crystallized germ of a mighty movement for the education of the public, the correction of evils in the business and the preservation of this work for all time, if we will but join to share and bear one another's burdens.

I thank you for your generous attention.

ASSOCIATION OF LIFE INSURANCE MEDICAL DIRECTORS

BY DR. W. W. BECKETT

Medical Director, Pacific Mutual Life Insurance Company

Mr. Chairman and Ladies and Gentlemen: I presume the principal reason for asking me to represent this Association at this time is because I am the only member of the Association living in California, and therefore I feel a little like the young man at a wedding banquet, who, when he was called upon to make a speech, quietly rested his hand on his bride's shoulder and said: "Friends, I want you to know that this has been forced upon me."

I will preface my discussion of the specific questions which I am called upon to answer with a brief statement of the chief purposes of the Association of Life Insurance Medical Directors of America. To quote the Constitution of that body, "Its object is the promotion of medical science as applied to Life Insurance by personal intercourse of its members, presentation of papers, discussions, and . . . the advancement of the general interest of life insurance." This necessarily involves all in medical science and a great deal in collateral science which may have a bearing on the selection of risks. The investigations from this standpoint are constantly becoming broader and deeper, with results that have a distinct tendency to-day toward "the advancement of the general interest of life insurance."

In considering the relation of the Association of Medical Directors to the ethics of life insurance, we must glance back for a moment to the period before the introduction of reliable mortality tables, when "graveyard risks" were rife and an element of gambling entered into every life insurance contract because neither the insured nor the insurer had even an approximate idea of the value of the hazard assumed. Medico-actuarial science has eliminated haphazard methods of selection and arbitrary charges for insurance. The tendency is constantly toward greater precision in these respects, and greater equity in the contract. The Association which I have the honor to represent can justly claim to have played an important part in bringing about these conditions during the twenty-six years of its activity. It is certain that without the introduction and maintenance of a strict system of selection, life insurance could not enjoy that approval of public and private morality which is the very essence of its successful growth.

It goes without saying that the special function of the medical director is a fundamental essential of life insurance economies. But for the protective selection by companies, they would be subjected to the utmost adverse effect of self-selection by applicants, the mathematics of the business would be of no avail, and, in fact, the life underwriting would be impracticable.

I may be permitted to refer briefly to the influence upon social economies exerted by the activities of the Association of Medical Directors. Whilst the primary purpose of its labors is "the promotion of medical science as applied to life insurance," the results of its investigations are made freely available to the public. Its contributions, through the collective experience of its constituent members, to the general fund of medical knowledge, especially in the fields of biology, neurology and pediatrics, have been of inestimable value to the community at large.

Perhaps no association represented in this convention has less scope than has the Association of Medical Directors for an extension of its usefulness, so as to bring about better understanding of insurance, and its service among the masses. The studies of our association are necessarily along highly technical lines, and its publications of a corresponding character. There is, however, a medium for popular education available to it and one which is not employed to any considerable extent. I refer to the organs of the many life insurance companies which monthly reach millions of policyholders and others interested in life insurance. A better understanding of the medical side of life insurance might be conveyed to great numbers through these publications with desirable results by means of articles couched in terms comprehensible by the layman.

The activities of medical directors are essentially directed toward reduction of losses and, consequently, reduction of cost to the insured. We cannot, however, play an important part in

reduction of the expenses of management, except in so far as the economical conduct of our particular departments is concerned. In this connection I may add that there is no department of a life insurance company in which expert and efficient service is of such vital consequence as it is in the Medical Department. Economies, as, for example, through the curtailment of fees for examinations, may, by inducing poor service, have the most costly effect.

In the matter of the wider distribution of the benefits of life insurance to the people at large, the work of the Association of Medical Directors is a potent factor. Its investigations and discussions are impartial and whilst its conclusions point at times to the exclusion of certain classes of risks, at others they point to admission where it had formerly been denied. In fact, the tendency is entirely in the latter direction. With the development of medico-actuarial knowledge, life insurance is being extended to impaired lives in a constantly widening manner. Indeed, it is within the bounds of possibility that the day may come when the medical directors and the actuary will be able to determine upon an equitable charge and equitable conditions for the insurance of practically every kind of risk.

NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

BY J. C. ADDERLY

Secretary, Millers Mutual Casualty Company

The Association for which I have the honor to speak is representative of the oldest successful form of insurance in America. The first successful American insurance company was the Contributionship of Philadelphia which was organized largely through the efforts of Benjamin Franklin prior to the Revolutionary War. This company is still in existence serving its policyholders with increasing efficiency and with unquestioned protection from year to year. It is indeed fitting in a Congress of all insurance interests that the Association representing the oldest form of American Insurance should be participant.

FORM OF ORGANIZATION

The National Association of Mutual Insurance Companies is the National clearing house of the mutual insurance other than life. Its members are grouped into three classes or divisions, namely:

- (1) From mutual companies or associations,
- (2) General or class fire insurance mutuals, and
- (3) Mutual casualty insurance companies.

The kind or class of insurance business written by each of

these three divisions is different. They are held together, however, in a National Association by the interest in the common object of all mutual companies. I refer to the prevention of the catastrophies or hazards which are the subject of the insurance. This with mutual companies is placed even prior to the indemnification of the loss as the object of greatest importance.

PURPOSE AND OBJECT

While the prevention of the loss is the prime object, it is the manner in which this object is attained that is identical in all mutual insurance organizations and is the binding force which brings all together in a common association. This is the lesson of "*individual responsibility*." Each assured in such companies must be taught to understand that his individual action in the care of persons or property has a direct bearing both financially and otherwise upon his neighbors and society and that it is the sum total of these acts of his and of other individuals which constitutes "the average" upon which the structure of insurance stands. If the individual sense of responsibility is high, it is reflected by a better average. It has been the persistent teaching of this lesson of "*individual responsibility*," that has made mutual insurance one of the greatest factors in the creation of the highest standard of citizenship. The National Association of Mutual Insurance Companies exists for the purpose of aiding by collective thought and experience in teaching this great lesson, by means of which the prime purpose of all mutual insurance is accomplished.

FACTORS OPERATING AGAINST MUTUAL INSURANCE

But little publicity has been given to the work being done by Mutual Insurance or by the National Association of Mutual Insurance Companies. So effectively has the movement spread, however, that there remains no State to-day which has not felt its beneficial results. Its development has not been stimulated by the prospect of profit or proprietorship upon the part of individuals or groups of individuals, which incentives have been the stimulus of practically all other business and insurance enterprises. There is no profit except in the savings which accrue to every participant in proportion to the economy with which the business is conducted and the effectiveness of its loss prevention activities. There is no ownership other than the collective ownership of all members. Its extension has depended only upon the absorption and appreciation of a fundamental principle unaided by the personal influence of profit participating salesmanship. It has operated under laws containing limitations and restrictions which in no degree apply to present day needs and conditions. Companies which are admittedly sound and solvent in one county, district or State, are prohibited by limitation or conflicting provision of law from serving the citizens of other similar communities.

EXTENT AND INFLUENCE

In spite of all these handicaps, mutual insurance has constantly increased in its extent and influence. The Mutual Fire Insurance Organizations of the United States collect each year approximately 15 per cent of the total fire insurance premiums and for this amount of premium carry 30 per cent of all fire insurance in force. Within the State of Ohio there are over 250,000 mutual insurance policies in force. In the State of Illinois there are more than 300,000. This proportion is likewise true in respect to the other states. To even the casual observer mutual insurance will be found to be a force which will be reckoned with in the final analysis of insurance service. The individual policyholders of mutual insurance companies are those who appreciate its value and its service. It is with these individual thousands that the strength of mutual insurance lies.

CRUCIAL PERIOD OF INSURANCE

Those who are familiar with insurance conditions at the present time are aware of the fact that there exists a strong prejudice against the form of insurance conducted by capital stock companies. This feeling has arisen from the belief that the premiums charged are exorbitant and the profits excessive. In some instances this prejudice has been so strong as to take the form of a demand that the State take over the entire institution of insurance under a socialistically conducted insurance plan referred to as "State insurance." This plan is actually nothing more or less than mutual insurance under political management and control. The demand for such form of insurance often comes from those whose risks are not up to the standard required by mutual companies and who are otherwise unfitted to share the responsibilities of membership in existing mutual organizations.

If any mutual insurance organization was compelled by law to accept indiscriminatingly all applicants, it would not only be unable to effect the economies expected but would soon be relegated to the list of failures. It will be idle, however, to deny that there are many sincere, earnest advocates of such a plan to be applied to fire, casualty and life insurance. In certain States it is already being experimented with and has taken the form of a monopoly controlled and directed by the political power of the State.

That the experience of the next ten years will largely determine whether insurance is to remain a common business enterprise in which any may engage or whether it will be entirely taken over by the State in the form of a monopoly under political management and control, and subject to the whims and fancies of the party in power, is the opinion of many.

THE OBLIGATION OF MUTUAL INSURANCE

Upon mutual insurance there has fallen an obligation which it has never had before. In all the lines of insurance which are applicable to the mutual principles, it must set the standards of insurance protection and service. The cost of insurance in such mutual insurance companies will prove the truth or falsity of the many charges of exorbitant profits of stock companies. In making comparisons, however, due regard must be taken of the fact that the mutuals only insure a selected and constantly inspected class of risks and the individual assured gives a degree of coöperation which is not possible in any other kind of company.

If the rate of premium for any kind or class of insurance seems unduly high, the assured of that class should have the opportunity of availing themselves of mutual insurance in an effort to improve the risk and decrease the cost. If the application of mutual insurance fails to improve the risk and decrease the cost, the assured will undoubtedly return to capital stock insurance as offering the means for safe and sure protection and without complaint as to cost. This would remove the present complaint as to excessive and exorbitant rates and eliminate entirely the only excuse which has ever been offered as a justification of the State usurping the rights and privileges of its citizens to engage in the business of insurance on either the stock insurance plan or the coöperative mutual plan.

The result of my observation has been that the demand for State insurance has largely originated with that class of insurers having excessive hazards which they are unwilling and unable to improve or control and who have wished the State to attempt to do for them that which they are unwilling to do for themselves—in other words, they desire to unload upon the great body of prudent insurers the burden of their excessive risks and at the same time take the direction and control from the hands of the premium payers in whom it is entirely vested by mutual insurance and place it in the hands of the political party in power.

The inapplicability of the mutual insurance principle under a compulsory system to all persons and to all risks regardless of their qualifications is appreciated by no one more keenly than by the individual member of a mutual company. To my mind, no more dangerous experiment can be made under our form of government, and certainly none more un-American in its conception and application, than the experiment of state insurance.

MUTUAL INSURANCE SHOULD BE AVAILABLE TO ALL

There will be none who will contend against providing abundant opportunity to any class of insured to have their own mutual insurance company in order to prove the exact cost for carrying their risks and to decrease that cost wherever possible. That such

companies should be subject to laws providing for a sufficiently high standard of solvency that would amply protect both the company and the individual members is also manifest. Essential to the successful operation of such companies is the privilege of writing the kind of insurance in which they are engaged under the proceeding legal conditions at such places as the risks may be located. There will be those who will say that these conditions and opportunities now exist. Their existence at the present time is largely in theory and not in fact. The laws of the various States differ so greatly upon the subject of mutual insurance that it is utterly impossible for a mutual company incorporated under the laws of one State to secure legal authorization in the others. The strength of the protection offered and the solvency of the company are given little consideration, but the statutes are loaded with minor technical requirements and conditions. At the present moment the insurance commissioner of one State is denying admission to one of the oldest, largest and strongest of mutual insurance companies in America upon a technicality which has no relation to the fundamentals involved. There has been no denial of the fact that the company can well serve the citizens of the state and in its special field render a greater service at a far less cost than it is possible to secure from any other source. Just as long as such conditions prevail and the spirit of the present mutual laws are misinterpreted and thereby mutual insurance is denied to those who desire it, there will continue to be a feeling of dissatisfaction with present conditions, that will lead as it has already led to the support of so radical a step as "state insurance."

THE NECESSARY REMEDY

Uniform legislation has been suggested as a solution. To those who are familiar with the subject of legislation this solution is recognized as being practically impossible. To the most thoughtful students among the mutual insurance companies, Federal supervision and control practically appear to be the only solution of the problem. Under such a system, similar in operation to the control and supervision of Federal Banks, such mutual insurance companies as would conform to a high and safe standard of solvency, as would be provided by a Federal Act, could best answer the purpose for which they were organized, would provide better and stronger protection, a more effective and better safety and prevention service, and would be providing the practical means for which any class of assured could carry its own risks at actual cost, remove for all time the demand or necessity for the individual States to attempt the socialistic experiment of state insurance.

Under such conditions and regulations the entire insurance institution would be benefited and the standard of each individual risk would be raised. The National Association of Mutual Insur-

ance Companies pledges itself to aid, in every way, the upbuilding of a substantial Insurance edifice which will best serve the needs of the insuring public of which their membership constitutes so large a part.

OPENING ADDRESS OF THE SPECIAL CHAIRMAN

ROBERT NEWTON LYNCH

Vice President, San Francisco Chamber of Commerce

Mr. President and Gentlemen: One cannot help but be profoundly impressed with the character of the program that has been prepared for this body, and the thing that is most remarkably impressive is the wide range of human interest which this Congress emphasizes and accentuates. Probably there is no principle in all society that so illustrates the solidarity and relation of people to one another than the insurance idea. To-day we have the representatives of the various public organizations, as well as those of the highly organized corporations, that are to speak in regard to their relation to the insurance idea. Perhaps it may be said that insurance has furnished the light which has made possible not only voluntary commercial organization, but the highly developed organizations extant in commercial life. It would not be possible for people to get together as they do if it were not for insurance in all of its various phases.

It may be said that this program is speaking to a much larger audience than could possibly be present, physically, in this hall. This is the first time in the world's history when so many phases of insurance in its relation to life have been brought together. It probably could not have been done were it not for this world's exposition, and therefore there are some who express the hope that growing out of this significant occasion there may come a closer relationship between the various ideas represented by the many insurance organizations that are spoken of in the program that is before you.

I think it is Emerson who says "there is something vastly greater in the man of ability than anything which he ever does—that the achievements of any great man are not so great as the man himself;" and this Congress is greater than any association of individuals, and it is hoped that its significance, through the printed reports and the unique opportunity which is given for publicity, will reach far out and profoundly impress all classes and elements of insurance in this country and throughout the world.

I am very glad to bring to you, at the beginning, the greetings of the Chamber of Commerce of San Francisco, which has been greatly interested in this Congress movement. One of its prominent members has given much devotion and service in bringing

this meeting together, and we successfully coördinating the various lines and bringing them to our attention.

SOUTHERN PACIFIC COMPANY

By E. O. McCORMICK

Vice President

Mr. Chairman, Ladies and Gentlemen: If you will permit me, I am going to confine myself pretty closely to a paper that I have prepared, which will expedite matters and enable me to make myself understood a little better. You will all be proud and happy to know that I have discovered that the oldest profession on earth is the insurance profession.

The Bible is full of insurance facts.

The first life policy was issued to Adam. Adam would be here yet if he had stuck to the conditions of the contract, and curbed his appetite for apples.

Noah took out the first marine insurance. He built the Ark and found it a good policy.

The original accident insurance was issued to the children of Israel, when the Lord parted the Red Sea for them to cross over. No doubt Pharaoh bitterly regretted that he was not covered by the same accident policy, when things began to come his way.

The Bible points out that the best burglary insurance is the policy which directs the insured to lay up his treasures in Heaven, whether neither moth nor rust will corrupt them, nor thieves break through and steal.

The Bible is urgent on the subject of fire insurance for the future, and provides an excellent policy for which the only premium we have to pay is reasonably decent conduct toward God and our fellow men.

For the benefit of the insurance companies themselves, the Bible suggests a long term life to him who shall do honor unto his parents.

Railroads are among the biggest insurance companies, since they undertake to insure the safe and speedy transportation of passengers and freight from producing to consuming points—to-day an exceedingly complex problem, requiring an intricate network of tracks, with a myriad of appurtenances in the way of freight and passenger stations, machine shops, engine houses, living quarters for maintenance of way employees, and huge office buildings for the housing of armies of clerks and the administrative and executive officers.

The great transportation company which I have the honor to represent here has not been behind any corporation in earnest efforts toward the prevention of fire, accident, and disease.

Southern Pacific built the first steel passenger car, in 1906.

Among first, if not the first, to adopt steel and steel underframe for freight equipment.

Seventy per cent of Southern Pacific freight equipment is steel or steel underframe.

Among first to install automatic block signals.

Has more mileage equipped with automatic block signals than any other railroad in the world.

First to adopt the train indicator, which permits employees on one train to identify another train passed or met on the road.

Among first to adopt air brake and automatic coupler.

Is 100 per cent perfect in compliance with all safety appliance regulations both Federal and State.

Has spent several hundred million dollars in replacing primitive structural imperfections—bridges, roadway, power, equipment.

Among first to adopt animated audible and visible signals at public highway crossings.

Among first to inaugurate efficiency tests of train and engine-men.

Five thousand eight hundred and seventy-nine efficiency tests made with distant, home, and train-order signal, train and enginemen were 100 per cent or perfect.

First to supplement warning signals at highway crossings by making observation tests on automobiles, teams and pedestrians to see if they regard warnings.

Instituted educational campaign concerning "Stop! Look! Listen!"

Maintains a Board of Examiners composed of transportation experts, with well-equipped business car, who travel over entire road, examining transportation department employees on their familiarity with rules and regulations.

Among first to erect clubhouses for employees.

Maintains division, district and central Safety Committees.

Has expended, since 1912, \$208,000 in adopting 8,737 suggestions advanced by Safety Committees composed of employees.

In last 25 years 214,000 people have been killed on railroads of United States, and 113,480 or over 53 per cent were trespassers.

The Pacific system of the Southern Pacific Company comprises 6,500 miles of railroad, and involves the maintenance of 1,400 locomotives, 1,800 passenger cars, and 37,000 freight cars. It employs a total of 35,000 men.

Upon the fineness of the brain and muscle of its employees is primarily dependent the good quality of service necessary for the successful operation of the road. Given a careful, competent employee, supplied with efficient tools and directed by intelligent, experienced officers, excellent service is bound to result. But the most careful supervision and the most effective working materials are inevitably wasted when a high physical and mental standard

is not demanded of the men composing the working force of the road.

Early realizing the paramount importance of maintaining a high standard of excellence of the human materials, a system of elimination was perfected to govern in the employment of men. With few exceptions, for the purpose of determining his fitness to perform the duties which are assigned to him, each applicant for employment is subjected to as rigid a physical examination as any insurance company would subject him to were he an applicant for a policy. The unfit are rejected—and they are few, because with a full knowledge of the requirements the unfit do not apply.

To minimize the chance of a misunderstanding of audible and visible signals used in train operation, the physical examination of those having to do with the movement of trains includes, at the time of employment and periodically thereafter, exhaustive tests of the eye and ear.

Of the total number of men examined for transportation service about six per cent are rejected; in other departments about four and one-half per cent.

This physical examination system required the services of competent physicians and surgeons, who, thus becoming identified with the company, were called upon to treat employees who were injured or contracted illnesses during their period of service.

With the growth of the railroad an increasing need of a specific organization to direct the work of the physicians became evident, resulting in the appointment of a chief surgeon and the gradual upbuilding of the new, elaborate and complete system of emergency or first aid stations, space in prominent hospitals at such points as Ogden, Portland, Los Angeles and El Paso, and our own magnificent and highly efficient hospital at San Francisco.

Connected with this department on June 30th, 1915, there was a total of 364 physicians and 190 other employees, 48 of whom were graduate nurses. There are 11 emergency hospitals. The total cost of the service for the year ended June 30th, 1915, was \$295,402, which covers hospital care, medical and surgical treatment of employees at hospitals, surgeons' offices, and at patients' homes; medical and surgical dressings, artificial limbs and appliances. All this for the benefit of employees or patrons, constituting the Southern Pacific's contribution to the life insurance cause.

To maintain the standard of excellence produced by the scientific selection of men, a judicious system of discipline is necessary. For nineteen years Southern Pacific transportation department employees have been subject to what is known as the Brown system, which prescribes the impersonal administration of *discipline by record*, and prevents loss of time and wages of employees and consequent possible suffering of those who may be dependent on their earnings. This is accomplished by the assessment of demerits,

after careful investigation, stated periods of good conduct being specified as necessary for the removal of the demerits from the record.

Under this system each man can work with the knowledge that the excellence of his record, the prospect of his continued employment, his promotion and final success, depend on his own good conduct and exertions. The most efficient men will be encouraged, developed, benefited and retained; those who prove unfit for safe railroad operation will be dismissed.

To encourage longevity of service, loyalty to the company, and to provide recompense for these qualities, we maintain a pension system, which provides for the retirement of all employees who have attained the age of seventy years and have been continuously in the service twenty years or more; for the retirement of incapacitated employees sixty-one years old who have been continually in service twenty years or more; and for the retirement of employees who have been continuously in the service twenty-five years or more and have become permanently disabled.

The pension allowance is, for each year of service one per cent of the average monthly salary received for the ten years preceding retirement.

The Southern Pacific Company bears the entire expense for benefit and the operation of the department. For the fiscal year ended June 30th, 1915, the total expenditure was \$282,000, and on September 16th, fifty-one more employees were retired from active service to enjoy the benefit of their years of faithful service.

The pension system has done much to engender among the employees a desire to render such service as will permit their continued employment and this feeling in itself redounds not alone to the benefit of the company and the employees, but to the patrons of the company through the more efficient and safe operation which it brings about.

As with the supervision of its employees, the efforts of the Southern Pacific have constantly and consistently been directed to the improvement of its equipment—the tools for turning out its product, *transportation*.

The gravity of several accidents on various railroads some years ago, which involved the loss of human lives, demonstrated the crying need of a passenger car that would provide the maximum of protection to its occupants under all conditions. *Wood*, the material that was universally used until the year 1906, had proven to be a dangerous factor in cases of accident. It splintered badly under sudden enormous stress, and was highly inflammable.

The ingenuity of the motive power and transportation department experts of the Southern Pacific was responsible for the present *steel railway car*, which has solved that perplexing problem. The Southern Pacific has the distinction of having built in its Sacramento shops in the year 1906 the first steel passenger car in railway history.

Since that time all new passenger equipment built or purchased by our company has been of steel construction, and wood as a material for railroad passenger car building is gradually becoming a thing of the past.

We were among the first to realize the untold advantages of the automatic block signal, with the result that to-day *we have more mileage equipped with automatic block signals than any other railroad in the world.*

These two items are typical of the work the railroads are doing to further the insurance cause.

The motto which is everywhere displayed on the properties of the Southern Pacific is "Safety First," and that motto means something beside the prevention of collisions, derailments, explosions and other terrible catastrophes of like nature.

We are as profoundly interested in protecting the public health as we are in protecting the lives and limbs of our passengers. This care extends to minute particulars. For instance, look at the hand rests on your seat the next time you ride in one of our cars. The surface is perfectly plain and smooth. They used to ornament hand rests with stamped decorations. We found that these decorations, where a diseased person's hands had rested, might afford lurking-places for contagion—so ornamentation had to go. As between prettiness and sanitation, we chose "Safety First."

You may have noticed that the metal sills on our car windows are very narrow. You can't find room to rest your arm or to lay down a package or even to put an orange peel or a banana skin. That is the reason the sills are built that way. We didn't want sick or infected passengers to leave disease germs on the window sills for well passengers to come in contact with. Again, "Safety First."

These may seem small matters, and that is why I call your attention to them. It is reasonable to suppose that a company which pays such careful and unremitting attention to small details and small safety devices will not neglect the big and obvious things.

It is just this constant care and vigilance in small matters and this constant watchfulness and anxiety to make progress in health insurance and sanitation and in prevention of infection and disease, as well as of accidents, that makes travel on all the great railroads so comfortable and safe.

Naturally the car with which the railroads guard the health of passengers is reflected in better health conditions all over the country, for it is evident that, if the railroad cars were permitted to be infection-carriers among a people who travel so frequently as do the people of the United States, diseases would be spread from one end of the land to the other. In five years every health and life insurance company in America would be on the road

to bankruptcy if the railroads neglected the sanitary precautions which make travel healthfully safe.

Every device that promotes the safety of railroad employees and of passengers is insurance for the already insured and increased protection for the insurance companies themselves is provided.

In our efforts to benefit ourselves and to add to our profits by eliminating the losses of accidents and sickness, we are compelled perforce to do a great and useful work of incidental protection for the whole people of the country.

Endeavoring primarily to increase our commercial profits, we find ourselves, as a necessary corollary, doing a gigantic humanitarian service to everybody else.

And since the railroad man is a human being, with passions and emotions and sympathies like those of other men, I need not tell you that the knowledge that we can do all this good, and can confer and do confer all these benefits upon our brother men and sister women, is very grateful and pleasant to us, and makes the day's work happier and the night's rest sweeter to every railroad man who is worthy the badge of our honorable and useful profession.

I have spoken of a few sanitary precautions we have provided and I could much more than fill my time with a bare catalogue of similar preventative insurance measures we have put in force, as well as of others that are as yet in embryo.

For example, fruit handling: we protect the public health markedly by our system of disinfecting the cars of the Pacific Fruit express. There are no disease germs distributed by the fruit which goes in such enormous quantities from this coast to the consumers in other States.

Constant and careful attention to little things is the price of human safety. It is the little things that set traps for us at every turn. The bacillus, which can only be seen with a powerful microscope, is many times more dangerous than a lion or a tiger. The mosquito, with a malaria germ ready for action, is far more dangerous than a rattlesnake. A cloud of dust may be as deadly as a shower of bombs.

Once man feared and worshipped the big things. His gods and devils were the sun and moon and stars, the lightning, the thunder, the storm; now science has taught us to beware of the infinitesimal—the germ, the infected speck of dust, the things that float unseen on wings of death.

Against these enemies of health and life the railroads wage incessant warfare. Like all other broadminded business concerns, the railroads have learned that the best business rule in the world is the golden rule: that the most profitable commercialism is humanitarian commercialism; that the welfare of the treasury is intimately and necessarily bound up with the welfare of employees and patrons.

I think that any one who intelligently observes contemporary life must be powerfully impressed by the willingness and anxiety of the great railroad managers to serve well their customers and to benefit the country.

That this quickened and increased regard for public welfare will be met by equal regard for railroads' stockholders' welfare—and hostile and hampering legislation, villification, abuse and slander of railroad men lessened, I am sure, rendering the legitimate investor less afraid to put his money into the construction and betterment of the transportation lines, upon which the prosperity of all business and every citizen fundamentally depends.

The great insurance companies are the heaviest investors in railroad securities. For that reason every insured person is vitally interested in the financial welfare of the railroads. In a *true* sense, every insured person is a stockholder in railroads. Therefore, every insured person should do all he can to dissipate foolish and hurtful hostility to legitimate railroad enterprises.

Our country has greatly suffered from the hysteria of the past decade, and it will continue to suffer until sanity and good sense prevail.

Let each one of us, as a good citizen should, do his best to bring about a period of more good-will, of more fair play, of less slander, less jealousy, and less hostility, towards honest investment and honest business.

Let the motto of the people, when considering public matters, be the motto of the great corporation I am proud to serve—"Safety First."

LIFE EXTENSION INSTITUTE, INCORPORATED

BY E. E. RITTENHOUSE

President

It would take hours to describe the beneficent influence which the great institution of insurance has exercised in the development of modern civilization.

We know of its direct benefits; we know how it has encouraged thrift; we know of the immense volume of money it is sending out in a steady stream to those who have suffered loss; we know that by distributing its vast reserves, in investments, in bonds and mortgages, it is helping to build schools, roads, streets and other public works, and railroads, trolley lines, business buildings and so on, and that through loans it is helping the farmer and the business men to enlarge and advance their enterprises. We know that insurance money reaches in one form or another every hamlet in the land and a vast number of homes. We know that the institution of insurance is a mighty factor in

developing the commerce and the resources of our country, and that its popularity among the people indicates that its service to society is generally appreciated. But how many realize the immense benefit it has bestowed upon humanity by suggestion—by indirectly influencing individuals and other organizations to engage in some phase of the great work of human betterment?

Much of the inspiration that has produced the rapid growth of the general welfare activities in America came from the extraordinary success of the institution of insurance. Its lessons are largely responsible for the marked increase in mutual benefit plans now so generally adopted by social organizations and by large employers of men and women.

An example of the constructive influence of life insurance in encouraging the growth of big ideas for the benefit of mankind is found in the Institute with which I have the honor to be connected.

The Life Extension Institute was neither designed, organized, nor financed by life insurance interests or companies, nor is it managed or controlled by them. And yet the institution of life insurance is responsible for the inspiration which induced a large policyholder, Mr. Harold A. Ley, of Springfield, Mass., to design this unique human service institution to help prolong the useful years of life and to make them more livable.

Prior to the year 1909 the insurance companies gave little or no attention to the conservation of the health of policyholders nor did they take any special interest in public health matters. About that time, Irving Fisher, Professor of Political Economy at Yale, conceived the idea that life insurance ought to combine and contribute a sum of money annually to assist in the education of the public in the laws of healthful living, both as a general contribution to human welfare and as a business investment in reducing the mortality rate.

While the combined companies could not see the wisdom of providing such a fund, the President's Association did become interested and gave the general movement moral support. That year (1909) two companies took up the work actively along different lines, one with which I was connected offering free health examinations and an educational plan, and the other operating on a large scale introduced both an educational and a nursing system.

Since that time twelve or fifteen other companies have entered the field to a greater or less extent, their activities ranging from the occasional distribution of literature to the offering of free examinations. The encouragement given the general health conservation movement by the favorable attitude of the bulk of the companies has materially assisted in stimulating interest in official and unofficial health activities. In time this help is bound to increase as the companies gain experience.

Mr. Ley had become keenly interested in this subject. A calculation of the financial saving from the prolongation of a life,

figured on the basis of his own policies, convinced him that periodic health examinations would not only be a good thing for humanity in general, but for life insurance companies and others influencing large bodies of people. He desired to lay the foundation of a permanent organization that would develop and grow and endure for all time and become a mighty force in conserving the health and happiness of the people. He was anxious to render practical assistance. It was not enough to tell people what to do, we must show them what to do.

The Institute was, therefore, designed as a public service institution on a self-supporting plan, supplying at low rates health examinations and educational service—any profits accruing above a moderate return on the original outlay to be used to further philanthropic effort by the Institute.

Professor Fisher organized a Hygiene Reference Board of nearly 100 members, of which he is Chairman, to whom all important health announcements are referred before publication. This board consists of many men of world-wide eminence in the various fields of human betterment. Among them are Surgeon General Wm. C. Gorgas of the Army, Surgeon General Rupert Blue of the United States Public Health Service, Dr. Alexander Graham Bell, David Starr Jordan, Dr. Harvey W. Wiley, Dr. W. A. Evans, Dr. Luther Gulick, Dr. Victor C. Vaughan, Professor M. J. Rosenau of Harvard University, Professor William T. Sedgwick, and Dr. William J. Mayo, ex-President of the American Medical Association.

Former President Taft became Chairman of the board of directors. As a result of his observation of the success of modern methods in fighting disease in the insular possessions, his interest in this work is very keen. Among the prominent business men on this board are Frank A. Vanderlip, Charles H. Sabin and Robert W. de Forest. Dr. Eugene L. Fisk was made Director of Hygiene and the speaker became President.

The intentions of the organizers may be summed up as follows:

1. To establish and maintain a central institute of national scope devoted to the science of disease prevention supported by a large board of recognized authorities in the various fields of health and life conservation.

2. To provide thus a responsible and authoritative source from which the public and the medical profession may draw knowledge and inspiration in the great war of civilization against needless sickness and premature death.

3. To give especial attention to the teaching of the rules of personal hygiene or healthful living in order that not only the ravages of communicable disease may be stayed, but that the increasing waste of vitality and human life from the chronic diseases may be checked.

4. To direct its efforts not only to the prevention of disease, but to its early discovery. For this purpose to urge and provide

periodic health examinations to the end that health and life may be conserved, and that the habit of having health examinations may be encouraged and eventually become a common practice among our people.

5. To include in its field personal, household, industrial and community hygiene; to make health or sanitary surveys of homes, industrial plants and communities.

6. To give all consistent support and encouragement to the public health service, local, State and National.

7. To urge prudent and effective health educational methods in schools and other organizations and to stimulate individual and community interest in public health activities.

8. To engage trained physicians throughout the country, and to establish laboratories for the purpose of carrying on physical examinations and research work.

In order to carry out this program, it was of course necessary to devise a permanent plan to reach the individual; one that would develop and grow until large numbers of people were benefited, and one which would bring in the necessary funds to make the Institute self-supporting.

A health educational service was organized, including a periodic health examination which could be offered at moderate cost to the life insurance companies for their policyholders, to employers for their employees, to schools, societies, lodges, etc., and to individuals who might subscribe for the service.

The Institute operates only in the field of disease prevention. Its scientific utterances with regard to individual hygiene, that is, the habits of life that are conducive to longevity and to the protection of the vital organs, are furnished its subscribers in monthly Health Letters with the authority of the Hygiene Reference Board, to whom they are referred. In addition to this, the public is reached through literature and by other methods.

While the Institute is not yet two years old, the popularity of the general idea has rapidly grown. The examination of thousands of people, including certain groups of policyholders, employees and others, already made by the Institute, demonstrates most emphatically the urgent need for the adoption of this health and life saving practice by our people. At least 90 per cent of those found impaired were not aware of their condition.

Let us consider a moment the American problem of life-waste. The advance of civilization, in the battle with ignorance and the resistant forces of nature, has been aptly compared to an ever-victorious army progressing slowly at times but always irresistibly onward.

The successful progress of this and of every great army requires efficiency in every department. Every detail of its organization must be carefully carried out. Every phase of the work must be skillfully handled, for failure in any one of them may retard the advance of the entire force.

Many an army has been defeated because those who were assigned to provide and transport munitions and supplies or to guard the health of the units failed in their duty.

In America the march of progress in recent years has been phenomenal, as is so strikingly shown by this exposition. Education, the prime factor in our success, has been liberally supplied. The development of the human mind has in many ways been marvelous. The genius of our people have provided for every need for a continued advance with one exception, and that we hope to see provided during the coming generation. We are lax in the duty of maintaining the physical fitness of the race. In this we are lagging behind the other important factors that have made the extraordinary march of American progress possible.

It is clearly our duty to our country and to posterity not merely to prevent a decline in national vitality, but to improve it to meet the increasing stress and strain of modern life both in peace and war. The mortality records furnish the evidence in the one case and the great war in Europe in the other.

We all agree that life is our most precious possession. Love, virtue, honor, liberty and other blessings may be dearer to us than life, yet we must be alive to enjoy them. The right to live is the first and most important item in humanity's bill of rights. The primary and most earnest desire of humanity is to be well and strong as long as possible. Our people are deeply concerned collectively in this question, for nothing could possibly be of more value to a nation than the lives of those who compose it.

All this being true, and the first law of nature being self-defense, what are we doing to guard this precious asset from needless injury and destruction by disease?

We teach our people how to keep the community in a hygienic condition, but we do not teach them how to keep the body and its organs in a healthy condition. We teach people how to avoid giving disease to others, but now how to avoid giving disease to themselves. The net result is that communicable disease is decreasing and non-communicable diseases of the organs are increasing.

At a low estimate we have 900,000 premature deaths in the United States annually, due to our folly in waiting until stricken with disease before calling upon science or experience to protect us.

This is the deadly practice which we must learn to abandon, with the aid of education in individual hygiene.

We are gradually getting sufficient intelligence to know that if it is wise to call on the doctor to relieve or cure disease, it is still wiser to call on him occasionally to prevent it.

Think of the absurdity of our using medical science only to cure disease. If a mortal enemy approached you to take your life would you wait until he struck you down before attempting to protect yourself?

Why then should you permit deadly disease to approach and strike you down before attempting to protect yourself?

Which is the most to be dreaded, illiteracy of ill health?

If we can afford to teach our children and adults how to avoid ignorance, why not how to avoid disease?

Of what value is an education if we are too sick or too dead to use it?

If it is worth while to insure the life of a bread-winner to protect his family, is it not important to save his life for the very same purpose?

Who would condemn a life insurance company for using its influence to prolong the lives of its policyholders? Is there any surer way to reduce the cost of insurance than to reduce the average loss?

It is estimated that there are constantly sick in the United States about three million people, so sick that they cannot work. The vast majority of this sickness would be either prevented or postponed if detected in time. These same people would not fail to have their automobiles or other machinery inspected frequently to catch any trouble that might be developing before it became serious. And yet they neglect to do this much for the complex and delicate human machinery in their own bodies.

When we stop to consider the enormous waste of human energy, of money and of life itself as a result of this neglect of the human machine, is it surprising that the insurance companies are becoming interested in this subject and that such organizations as the Life Extension Institute are established by public spirited men to combat this deadly folly?

This practice has come down to us from prehistoric times. The barbarians of to-day do the same thing. I have seen them in Asia calling upon the spirits to keep away disease, but they never get deeply concerned and send for the medicine-man until they are in serious trouble. With all their intelligence civilized people generally follow the same absurd plan. Isn't it time to stop it?

Another urgent reason for giving heed to the laws of health in our country is the steady increase in the death rate from organic disease which is reaching the proportions of a national menace. These are the diseases resulting from the wearing out and breaking down of the important organs.

The investigations of the Institute into the physical condition of a large number of young people indicate very clearly that many of the diseases of middle life and old age have their beginnings in the younger age periods where modern science can detect them long before the individual is aware of their presence and check or cure them if given a chance.

Whether American life strain is increasing or our power to resist the stress of modern life is declining, the fact remains that the extraordinary change in living conditions of the American people which has occurred in recent decades calls for a readjustment

of our habits of life to conform to these changes. Life insurance companies are especially interested in this phase of life waste because the most of their policyholders are in the age periods where this mortality is highest. About 40 per cent of the rejections for life insurance are due to the presence or approach of organic disease.

The reason that we know that this life waste can be reduced by educational methods is because of the extraordinary success we have had in reducing the morbidity and the mortality from germ diseases. The people have learned how to apply the new preventive measures against these diseases and they will learn how to guard against the other diseases if we will take the trouble to teach them.

Individual hygiene is a term that is misunderstood by many people. Many seem to feel that it relates to some new-fangled notion or system of exercise or medicine. It is simply the application of knowledge, which we already possess and which we are not using, to guide us away from disease and to increase our capacity to do good work.

Individual hygiene relates to the care of the body and its organs. It teaches us how to avoid unhealthful habits of life and informs us of those that are conducive to good health and longevity, and among these is the practice of periodic health examinations.

An excellent definition of personal or individual hygiene is found in the new book "How to Live."

"Thoroughly carried out, individual hygiene implies high ideals of health, strength, endurance, symmetry, and beauty; it enormously increases our capacity to work, to be happy, and to be useful; it develops, not only the body, but the mind and the heart; it ennobles the man as a whole.

"One of the most satisfying tasks for any man or woman to-day is to take part in this movement toward truer ideals of perfect manhood and womanhood. Our American ideals, though improving, are far inferior to those, for instance, of Sweden; and these, in turn, are not yet worthy to be compared with those of ancient Greece, still preserved for our admiration in imperishable marble. With our superior scientific knowledge, our health ideals ought, as a matter of fact, to excel those of any age. They should not stop with the mere negation of disease, degeneracy, delinquency and dependency. They should include the love of a perfect muscular development, of integrity and moral fiber.

"There should be a keen sense of enjoyment of all life's activities. As Wm. James once said, 'Simply to live, breathe and move should be a delight.' The thoroughly healthy person is full of optimism: 'he rejoiceth as a strong man to run a race.' We seldom see such overflowing vitality except among children. When middle life is reached, or before, our vital surplus has usually been squandered. Yet it is in this vital surplus that the secret of personal magnetism lies. Vital surplus should not only be safe-

guarded, but accumulated. It is the balance in the savings bank of life."

This is the great field of human service which the Life Extension Institute has entered through the primary suggestion of life insurance, and which has been put into actual practice through the initiative of an intelligent and progressive policyholder.

The Institute endeavors to give effective, concrete and practical expression to the natural desire of humanity to live better and longer lives. It hopes to aid in crystalising into action the steadily growing sentiment in favor of the conservation of health and life.

To the individual it appeals in the name of common sense to learn and observe the laws of healthful living. And to the insurance companies and to employers of men and women it appeals in the name of enlightened selfishness, for to raise the standard of health among policyholders and employees means not only a reduction in the sick list and the death rate, but an increase in the productive capacity of the individual. It means that they will help to strengthen, upbuild and maintain the vitality of our race and at the same time secure economic returns in increased efficiency and a reduced sick and mortality rate.

As the Institute develops and accumulates increased financial support its field of service will broaden its efforts to spread the gospel of right living and to stimulate the interest of the individual and the community in the science and practice of disease prevention will reach every city, village and hamlet in the land. Presumably the need for such an institution will continue indefinitely, and it is the hope of those who have established the Institute that it may endure until how to live the hygienic life will become a matter of common knowledge among all the people of our land.

In the gradual development of this great movement for individual and community hygiene the institution of insurance has directly and indirectly played an inconspicuous but important part. Fire, accident, liability and life insurance have all had a share in this great campaign to increase respect for the value of human life. And they will have a still greater opportunity to serve humanity in this field in the future if they will but take an active interest in this work.

This field of health conservation offers a new and attractive feature for the institution of insurance. It enables it to keep abreast of the times by enlarging its service to humanity, and ultimately to bring to the people a reduction in the cost of insurance. In the interest of humanity, it is to be hoped that the vision of insurance managers will continue to expand in this direction.

In conclusion let me suggest a health pledge to which everybody can cheerfully subscribe:

"Prompted by considerations of patriotism and humanity, I will, so far as my opportunities permit, make an earnest effort—

"1. To inform myself upon the subject of personal, household and community hygiene, and to myself obey the laws of health.

"2. To encourage the practice of individuals having periodic health examinations to upbuild physical efficiency and to detect disease in time to check or cure it.

"3. To give support and encouragement, and to urge my friends to do the same, to the public health service and officials who are laboring to protect the most precious asset of the nation.

"4. To encourage schools, churches, social and civic bodies and employers to help as a patriotic duty in stimulating interest in and spreading knowledge of health and life conservation.

"5. To personally coöperate with organizations designed to reduce life waste and to guard and strengthen the vitality and vigor of our race."

UNITED STATES BUREAU OF MINES

BY DR. F. G. COTTRELL

Chief Chemist

All insurance enterprises whether of private or public nature are essentially coöperative, one might almost say socialistic, and co-operation has been peculiarly the key-note to the activity of the Bureau of Mines from its very inception.

The Bureau traces its origin, as doubtless many of you know, to the Government Mining Exhibit at the St. Louis International Exposition in 1904. The meager Congressional appropriation available for this served simply as a nucleus and was, through the personal efforts of the late Dr. J. A. Holmes, Chairman of the committee in charge, amplified through the support and coöperation of the coal operators and operatives, the manufacturers of boilers, gas producers, engines and the like, the railroads and other large coal users, until it stood out as distinctly marked by two main features.

First, the coöperative fuels testing plant aiming at a scientific study of the most efficient use of our various coals and other fuels, and

Second, an educational campaign in "Safety First," particularly as applied to coal mining, the hazards of which happened to have just been brought home to the public by a series of particularly disastrous mine explosions during the preceding year.

In fact, the now familiar expression "Safety First," though probably not employed there for the first time, seems to trace much of its present widespread use as a catchword throughout all our national industries to the campaign initiated at that time.

Many, if not most, of the practical men even among those who directly aided Dr. Holmes in this undertaking seem to have been rather skeptical as to the probable extent, growth and permanency

which could be reasonably hoped for from this work. Dr. Holmes' remarkable enthusiasm and peculiar ability in such matters carried first them and then the work itself through the early uncertain stages until his judgment was finally vindicated by a general awakening of public interest and public conscience which finally bore fruit in a response from our government in 1907, establishing and providing for the maintenance of a Technological Branch of the Geological Survey whose initial functions were the continuation and extension of the work thus started at St. Louis. In July, 1910, the work had reached such recognized importance that Congress created the Bureau of Mines as an independent administrative element within the Department of the Interior, coördinate with the Geological Survey, the Patent Office, the Reclamation Service and other bureaus of that department.

It should be clearly understood at the outset that the functions of the Bureau of Mines as at present constituted are almost wholly investigative and educational, it having outside of the small area still under direct Federal control, such as Alaska and the Indian lands, no authority to enforce regulations or even make investigations except by permission of the property owners or of the individual state authorities to whom the enforcement of both safety and conservation measures is for the most part entrusted.

This very feature has, however, served to increase the popularity and also probably the real usefulness of the Bureau as it has still further emphasized the intrinsically non-partisan and coöperative nature of its activities. The Bureau has constantly striven to bring about closer coöperation between the various elements of the mining industry, particularly for those larger questions of humanitarianism and public policy which, though appreciated in the abstract by most people, are apt to be lost sight of individually in the press of detailed responsibilities unless it is made the special business of some one to show how, in a practical way, such matters can be made an unobtrusive and routine incident of the day's work. However, when this has once been done every one wonders how they could have ever been so long neglected.

The part of the Bureau's work which has undoubtedly made the greatest impression on the general public is the actual rescue of imprisoned miners at times of disaster, but, although there have been a large number of miners thus rescued by the Bureau of Mines' men, this part of its work is considered by the Bureau itself chiefly as a mere illustrative incident and means to the larger end of securing training and equipment within the integral parts of the mining industry itself, not only for emergency in case of accident, but, what is vastly more far-reaching, a greater and more intelligent regard for safe and healthful working conditions in daily operation. As a matter of fact, the loss of life in coal mine explosions is almost insignificant as compared with that due to other causes of equally preventable accidents, such as falls of roof, haulage accidents, electric shocks, etc. Statis-

ties even show that the accident and death rates are actually higher in metal mining than in coal mining. The great coal mine disasters only loom relatively large in the popular mind because of their spectacular setting, still on account of this very setting they have afforded a useful psychological handle by which to take hold on public interest and enlist its help in the more comprehensive problem of better working conditions in general. This the Bureau has tried conscientiously to do, while avoiding as far as possible the public's two great infective maladies—hysteria on the one side and apathetic conservation on the other.

The investigations of the Bureau concerning the causes of mine accidents have a direct bearing upon the casualties produced, the loss of property from fire, and the prolongation of the life of the mine worker through improvements in his sanitary and living conditions. The Bureau is continually seeking and determining means whereby, without material increase in the cost of mine operation, and even in some cases with a resulting decrease therein, the number of casualties per thousand employees may be reduced through better mining methods, the causes of fire removed, or the control of the fire hastened, thereby effecting both a safeguarding of human life and a saving of property. Efforts are also being directed toward a bettering of the living and working conditions of the employee as well as the sanitary conditions in his home, thus increasing his efficiency as a worker.

One of the immediate effects of these investigations has recently been reflected in the insurance world by the organization of an association of casualty insurance companies who find in the publications of the Bureau of Mines the essential statistical data regarding fatalities and injuries to mine workers on which they may safely base premium rates, and they have even gone so far as to fashion their safety and inspection organization after that of the Bureau of Mines with the assistance of one of its former engineers.

Aside from the more directly humanitarian aspect of the Bureau's work, there is also that which primarily concerns itself with the conservation of our material resources. This has gradually developed from the beginning made at St. Louis in the Fuels Testing Plan which was later moved to Pittsburgh, Pa., and has there been greatly amplified by additional laboratory and testing facilities until its activities now also cover investigation of safety and efficiency of mining explosives, chemical investigations on petroleum and natural gas, the smoke problem in our cities and manufacturing districts, mine equipment such as hoists, haulage, drills, timbering, corrosion of metals and many other technical subjects too varied to be here cited in detail. The Bureau also tests and supervises the purchase of all fuel used by the Government. What chance for saving this means may easily be appreciated when it is realized that the Government's own yearly coal bill is about \$8,000,000.

In the one item of natural gas wastes in the oil fields alone, wasteful practices of drilling and operating wells have in the past been responsible for the absolute loss of millions of dollars' worth of natural gas. For instance, it has been estimated that for a long period the loss of gas in the Cushing, Oklahoma, field alone amounted to the equivalent of 10,000 tons of coal daily and that at least 80 per cent. of this loss could have been prevented. By a campaign of education and instruction in well drilling methods, especially those providing for the sealing up of the gas, until needed, in the overlying sands penetrated by the bore holes, while still drawing the oil from the underlying strata, the Bureau has now secured the hearty coöperation of the operators and state inspection authorities and saved to the country what still remains of these irreplaceable natural resources simply by establishing a precedent for the use of thoroughly scientific technical methods. In this instance, as in many others, the Bureau's initial entry into the work was looked upon with considerable suspicion, not to say hostility, by many of the operators and state officials as possibly threatening local control and individual initiative, but conditions since then have so changed that these same people are now constantly calling on the Bureau's staff for more technical supervision than it is at present authorized to undertake or has means to carry out.

The vital importance of the proper development and use of our necessarily limited and all too easily squandered petroleum resources is still only slowly coming home to the general public as a national and even international issue, but the need for exact and comprehensive technical knowledge through some central and generally available source is already being keenly felt by men of affairs in the business world as well as by all our governmental departments. The Bureau is doing what it can with the means at its disposal and the coöperation of the industry to gather this information where it may be easily available to all and to assist in working out equitable and truly constructive policies in this field.

As already indicated, the Bureau had its development almost exclusively from the coal and fuels side of the mining industry and in fact for the first few years of its existence its appropriations from Congress were strictly limited to expenditure in these specific directions and much opposition was met with toward providing any government support whatever for investigations in other divisions of the mineral industry, chiefly on the basis that private interests were quite able and should take care of all necessary expenditures in these fields and that government support would either simply relieve them of the necessity, on the one hand, or directly interfere with legitimate enterprise, on the other. An unwise selection of either problems or methods in entering these fields would certainly have laid the work open to valid objections along this line, but Dr. Holmes, fully appreciating these dangers,

made at the beginning a careful selection of certain problems wherein the public interest and need for public support was most clearly apparent.

The problem of smelter fumes was one of the very first of those to be undertaken, as it formed a natural connecting link with the other humanitarian activities of the Bureau, on the one side, because of the threatened damage to health of both animal and vegetable life about the smelters, while, on the other, it had a very direct bearing on the conservation of our resources in the form of the valuable mineral constituents going to waste in these fumes and even the possibility of further use of some of these waste products in the fertilizer industry for the increase of our national agricultural productivity. By stretching the literal interpretation of the Bureau's then existing appropriation acts nearly to the limit, Dr. Holmes succeeded in 1911 in setting aside a few thousand dollars to initiate this work. It soon met with an appreciative response in the form of moral and financial support, not only from the metallurgical interests but also from the farmers with whom they had been in litigation over fume damage and this and the technical results produced finally made a sufficiently practical appeal to the judgment of Congress to secure for the fiscal year 1913-14 its first definite appropriation for the problems of the metal mining industry.

To illustrate how much more far-reaching such results may prove than could be expected at the outset, it is interesting to note that, largely due to the Bureau's efforts to find an outlet for certain of these smelter by-products, experiments have been conducted for the past two years at the agricultural department of the University of California which now bid fair not only to open up new and profitable markets for these waste mineral products but also to greatly simplify and cheapen the problem of reclaiming and making productive thousands of acres of certain of our now barren and useless land throughout the country.

The Bureau is, of course, as yet very young, but growing as fast as financial limitations will permit. In round numbers, its total appropriation this year amounts to only \$750,000 as compared with \$20,000,000 going to the Department of Agriculture. It would have been entirely impossible for it to have accomplished what it already has if it had not been for the consistent policy of using its own resources primarily to stimulate and guide larger undertakings and expenditures on the part of private enterprises.

A pertinent illustration of this is the Bureau's work upon rare metals in Colorado, where for the past year it has been directing the operations of mining, concentrating and extracting radium, vanadium and uranium from ore obtained in the Paradox Valley. The work is being done in coöperation with the National Radium Institute, an organization formed through the public spirited interest and financial support of two private citizens, to secure radium for use in the treatment of cancer at two of the hospitals in Bal-

timore and New York, in a line of medical treatment which is so new as to still involve a great deal of investigative and educational work.

The world's supply of radium bearing minerals is apparently very meager and chiefly localized in a few limited areas, our own carnotite deposits of Colorado being among the most important. Very remarkable curative powers in the treatment of cancer have been claimed for the radiations from radium, but the most important of these are only obtainable, it is claimed, when the radium can be used in sufficiently large quantities at one time, a condition heretofore almost unattainable in this country, for up to the time when the Bureau commenced its study of the subject, practically all the radium ore mined in the United States had been shipped to Europe and there worked up into the finished product, which was not only held at very high prices but on account of the active demand in European hospitals and laboratories was very difficult to obtain in America in any considerable quantities, even at any price. It was largely to overcome these conditions that the co-operative arrangement was undertaken.

The National Radium Institute placed some \$200,000 in the Bureau's hands with which to secure control of desired ore deposits, develop the processes for treatment, construct the necessary works and laboratories and carry out the actual mining and manufacturing operations.

A large part of the work originally planned has now been accomplished, and, as a result, it is assured that the full amount of radium which it was estimated the available ore could produce will be secured and at a cost of less than one-third of the prevailing market price. The Bureau, for its part and without noteworthy expense to itself, will have had the opportunity of thoroughly studying the whole technique of the industry on a working scale, besides having contributed important improvements to the technology of the subject, full information concerning all of which will be made available to the public through its bulletins as might not have been so fully the case had the matter been handled entirely through private channels.

In the time at disposal, it is naturally out of the question to give anything in the nature of a properly proportioned summary of the Bureau's work as a whole, but it is hoped that what has been said may at least serve to give some slight idea of the Bureau's policy of friendly coöperation with all the other agencies working for the wisest and most effective use of our natural resources, both human and material.

A PROMINENT DEPARTMENT STORE

BY ARTHUR HAWXHURST

Insurnace Manager, Marshall Field & Company

The Executive Committee of this World's Insurance Congress has honored me with an invitation to tell you of "The educational work in conservation and prevention as it appertains to dangers, health and human happiness of Marshall Field & Company, of Chicago—a department store."

When the invitation was first received I felt it but just to decline it, notwithstanding the fact that it could not be considered else than a distinct honor to my House and myself; still, to a modest man the topic is a difficult one to discuss without an appearance of egotism.

It will be my endeavor to treat the subject assigned to me on a somewhat wider plane than mere insurance—important as that subject may be—in the belief that an inner view of the life of a great mercantile house may interest those before me. And as this Congress is a part of a great World's Fair, I will treat my theme on the same broad lines upon which this exposition itself has been conceived and brought to a magnificent fruition.

In the first place, let me say that Marshall Field & Company is not a department store in the sense generally understood, but it is a mercantile establishment divided into a wholesale and retail business, which necessitates being also importers and jobbers as well as manufacturers, having mills of its own both in this country and abroad.

The wholesale consists practically of six different buildings, eight stories or more in height. It is located towards the West Side near the Chicago River, with its chief entrance on Adams Street.

The rear buildings facing on Jackson Boulevard are of fire-proof construction, the main building on Adams Street, which is divided into three buildings, being of mill construction; the walls are of brick of a heavy thickness, and are faced with brown Massachusetts granite and sandstone. This exterior, while cold and patrician in appearance, yet bespeaks solidity, security and durability.

The retail, of a modified Roman classic architecture, is the most aristocratic, complete and artistic store of its kind in the world, having been recently reconstructed and refurnished throughout as well as increased in size by one large building on the north and in addition to this by a magnificent one on the south. The interior of this store is a revelation of a wonderful force working out all designs of beauty as well as usefulness in every one of its multifarious sections.

This world-known store consists of six buildings on one whole block between State Street and Wabash Avenue and an additional building twenty stories in height on Washington Street facing the main buildings and joined to them by tunnels under the street level. This last named building is unique in itself, as it contains goods for men's wear only and is known consequently as the Men's Building. The five lower floors and basement are used for this store purpose, while the sixth floor is entirely taken up by a fine restaurant, also for the exclusive use and comfort of the male sex. This room contains a large fountain in the center which is surmounted by a Tiffany iridescent glass dome of great beauty. The balance of the building is used for offices.

The restaurants in the main building are of a various nature, and consist of two grill rooms, two fountain rooms, one French room and two tea rooms, and in each and all food is served in a most appetizing form to between 4,000 and 5,000 persons daily.

One fountain room contains an exquisite Lorado Taft fountain. In the other fountain room another Tiffany dome, which is on the twelfth floor ceiling, is visible, being in plain sight from this tea room on the seventh floor. Under this tea room the Tiffany Company has also placed its chief work of art in this store of beauty, *viz.*, an exquisite dome which covers the entire well hole. This can be seen up through the well hole or skylight from the first floor, and consequently adds elegance to all the floors below the dome. These domes are unique and beautiful in themselves and attract great attention from art lovers.

The different buildings are divided by heavy fire walls which are pierced in three separate places on each floor, each opening being protected by vault steel doors. These doors in the retail weigh about 1,800 pounds each, and in case of fire are self-closing by a 70-pound weight, which shows how true they are adjusted; but in case of closing they can be immediately reopened by hand by any one desiring to pass from one section to another. These divisional walls reduce the very large areas covered and tend to conserve life and property in case of accident or fire. They also make one section quite independent of another.

In case of trouble these doors, together with the fire appliances in the house, which are always kept up to a high standard, are manipulated by the private fire departments of the firm.

These departments are composed of picked young men on each floor, who are called to active duty by a certain whistle. When this blows each one goes to the post assigned him under the regulations of his captain. Visitors are guarded and directed to the exits, fire appliances are produced and everything is ready to protect life and property. These forces are constantly trained by a competent superintendent and kept up to a fine standard of efficiency. In addition to this Home Guard, an alarm goes into the City Department in the regular way. And in further addition to this at certain seasons of the year, we have, say, at Christ-

mas time, for instance, details of regular firemen from the City Department.

The business transacted is what is known in trade terms as the dry goods business. This has so extended itself, however, that it now embodies, in this house at least, everything humanity needs for amusement, instruction, household or the personal use of men, women and children, with the one exception of mere food; but even this exception must be qualified in favor of the splendid restaurants already mentioned, likewise the department containing candies and bonbons—which are all of the highest grade, the latter being made in our own factory of all the purest ingredients obtainable. Of course a business so extensive must mean a tremendous amount of merchandise in total, which must necessarily be divided up into departments for the convenience of customers and visitors; but all and every part of this large stock is owned by this one corporation. The stock of a so-called department store is also divided, but several of the departments may be owned and operated by outsiders, although but one name may be known as representing the combined establishment. With this class of stores the name department store originated. With Marshall Field & Company you deal directly with the absolute owners of everything, who are also vitally interested that each and every one of their customers shall be fully satisfied in their dealings with the House. If purchases from us turn out to be not what the buyer wants, they can be returned and the money is cheerfully refunded or credit given on open account. These features create a difference favorable to the buying public, and the value of them is widely known and appreciated, hence it is worth while for all to become acquainted with these facts.

Owning and occupying, as we do, twenty or more of the largest buildings in the city, which cover an area of 5,450,000 square feet, equaling more than 110 acres of floor space—our entire properties occupy in all our stores and offices at home and abroad 124 acres—and employing a force of about 15,000 people, this naturally represents millions of dollars in property as well as other interests which must be protected by insurance of one kind or another. This is done by carrying about twenty different kinds of indemnity, all of which is written in old line stock companies with one or two exceptions.

All of this insurance is handled and placed by the private insurance department of and in the House, and you can understand that it requires considerable attention and thought, for this department has to specialize along all lines. Other concerns divide up their insurance between brokers and agents handling the different kinds. Our House believes in the Golden Rule, “do unto others,” etc., and has always felt that the insurance fraternity should be treated with the same consideration that is shown to the merchants that they buy from as well as to the customers that they serve—that is to say, that their insurance business should be

divided with each agency directly in the proportion of that agent's facilities to write the business, and without exacting rebates of any kind. This naturally conserves the agent's interests and it should bring a reciprocal interest to the House. I believe it does, for while our rates are made by the Board of Underwriters upon the same schedules as every one else's rate is, still the Department and the Board have always been able to agree as to their equity, and in my experience of almost daily intercourse with the fraternity for more than forty years, I have yet to have my first unpleasantness. Consequently, it gives me great pleasure to say here that I can truly and honestly state that I have found the insurance people as a body to be broad-minded, efficient and reliable business men.

Insurance interests are of the greatest importance to all of us. I do not know of anything that will confirm this stronger than the conflagration report of the Special Committee of the Chamber of Commerce of your City of San Francisco, dated November 13, 1906, which says in part:

"The lesson that the insured will take most to heart is that insurance will not take care of itself, nor will his broker take care of it for him without some watching. The insurance interests of a business house are immensely important and should be looked after by a trained person. The conflagration has shown the need of popular education in insurance."

Therefore, I say to you business men now before me, give this matter your first consideration. Buy only the best kind of insurance, for these pieces of paper that you receive in exchange for your good hard cash to-day may be your only assets for millions to-morrow. Buy your insurance of the agents who live in your town representing the best companies, then in case of loss you will have some one to call upon to adjust it with you. Do not buy cheap insurance, for if you do you will surely come to grief if you have a fire. Examine and understand your insurance contracts and what they cover when you buy them. Do not wait to find this out after a fire. If you feel that your rate is too high, go to your agent and have him show you a makeup of it, and let him point out how it can be reduced by making improvements, and then make the improvements, thereby not only lowering the rate but eliminating the hazards.

The underwriters should be publicly thanked for the work they do along these lines, instead of, as is too often the case, condemned.

Especially so, as they are really no more interested in lowering the burning rate than others, for their business is to accept risks as they find them and to charge accordingly. No honest assured can afford to have a fire. Insurance was not created to pay a profit to the assured, but simply to indemnify him against losses caused by misfortune—not premeditation.

Marshall Field & Company's work along the lines of conservation is not confined to protection from fires, but extends itself throughout the entire business, and in reality is, as Webster answers the word "Conservation," *viz.*, "the act of preserving, guarding and protecting—the keeping of a thing in a safe or entire state." That is to say, Marshall Field & Company desire to conserve, they build to conserve, they protect to conserve.

They have organized their great business of nearly \$100,000,000 annually along the broad lines of duty, service, conservation and protection in every form to their customers and the visiting public. They make no other claims to greatness, although greatness has been achieved; still, they are willing to accept the opinion of the public as to that, but they do claim a greatness in their willingness and ability in their splendid organization to serve and protect the buying public in various ways—not a small portion of the public but the entire public—not only the rich but also all those of moderate means and even less than that, for every visitor is welcome and is looked upon by the House as a friend and a possible customer; consequently, all visitors are shown every courtesy.

How do they conserve along these lines? it may be asked. This can be answered that they build buildings that are free from all possible defects as to fires happening or as to accidents and sickness occurring, not to speak even of the possibility of a loss of one single life. And this not to mention also the manifold things that have been thought of and are given free for the comfort, health and happiness of both customers and employees alike.

Let me illustrate a few of these:

First, the buildings. The management's best thought is primarily given to their construction, and when its ideas have been reduced to a concrete and working plan, this is then entrusted to an eminent architect, with instructions that nothing but the very best in every particular, with every up-to-date improvement, will be acceptable for construction.

When this is finally brought to completion, as it is now for the present, we have for the use of customers, fireproof structures that protect life and health and grant every comfort that is possible in this every workaday intercourse of providing for the home and its inmates.

In addition to these it can be also stated that the comfort and protection of fellow-merchants buying at our wholesale is looked after, as well as that of employees in all our stores, warehouses, factories, garages and even stables, for here man's best old friend, the horse, also receives his share of care and thought for his well-being.

Opposite yet alongside of this are the preventive measures against fire, such as standpipes with hose attached, fire extinguishers and sprinkler equipments, the latter being one of the greatest inventions of modern days to retard the spreading of a fire. Shakespeare says, "A little fire is quickly trodden out, which

being suffered rivers cannot quench." This is what sprinkler equipments do, *viz.*, tread it out quickly. Especially so, when these equipments are supplemented by mechanical and electric devices as well as supervised by human agencies, which in turn are checked by mechanical reporting devices to outside sources, such as fire departments, A.D.T. Company, boards of underwriters and others, and we utilize all of these, for we believe in "Safety First."

Then, again, the inspection and care given against accidents happening, such as to elevators, boilers and other machinery and to the people on or operating these.

Fire, I presume, is the worst of our foes to be guarded against, for that affects many people in many ways; consequently, much thought is given to protection from it. This should be the case not only in every business house, but in every structure, whether used for dwellings, mercantile stores, offices, public buildings, churches, assembly rooms or wherever humanity dwells or congregates.

If this were done, the terrible annual losses from fire, which now amount to \$225,000,000 annually in this country alone, would be reduced. It is a good sign, though, that this fearful fire loss was \$48,000,000 less the first seven months of this year over that of last, and I attribute this largely to the work that has been done by such bodies as the National Fire Protection Association, boards of underwriters, State Fire Marshal departments, credit men's associations and others. It is a satire, though, on their efforts that as soon as the fire losses are reduced the losses are at once increased in some other branch. This year it is the hail business that punishes underwriters, for their losses in that are already nearly \$35,000,000 in excess of those of last year.

It is too common an expression that we hear after a loss happens, "Well, it was insured," as if that reduced the loss to the community.

The people at large should be made to realize that their money pays for every dollar burned or otherwise lost, and not at all is it in reality the money of an insurance company. Insurance companies are but collectors and distributors of the people's funds paid in premiums for indemnifying them against losses. If the rates at which this fund is collected are not high enough to bring a sufficient amount to pay losses, taxes, expenses and enough profit to retain proper capital in the business—for otherwise it will withdraw itself—they are increased and the people pay the increase in the end.

If the rates bring too much, they are gradually reduced accordingly, and this is being done constantly. In proof of this it can be stated that the average fire insurance rate for the United States for 1906, the year of the San Francisco conflagration, was 1.147. For 1907 it was 1.17, and it has been less every year since then, being, in 1914, 1.027. But as the latter rate costs

the companies a loss of about \$15,000,000, or $4\frac{1}{5}$ per cent. on the year's business, and as their total losses for the last 10 years have been $\frac{8}{10}$ ths of 1 per cent. on a business of \$2,797,000,000, equaling \$22,000,000 of loss, two things might be considered proper to do. First, to reduce the burnings (which, by the way, is always a proper thing to do), or, second, to increase the rates on the unprofitable classes.

Some of our State Legislatures try to regulate these conditions by enacting laws, which action is as futile as trying to change the course of the tides. No mere insurance company can long pay out \$1.10 or more for every dollar received, and as soon as the law attempts to make them, just so soon will the people be deprived of a beneficent business established for their welfare.

You in San Francisco well know the value of indemnity that comes through insurance, for that has largely been the means of re-creating this beautiful city in which we are at present.

But to return to my theme: Marshall Field & Company not only believe in protection and conservation for material things, but also for that from which must come the greatest amount of service to the public, *viz.*, its organization; consequently everything is done for it that can be done to make its personnel a body of healthy, happy and efficient workers. The organization is practically a creation of the House.

Only bright boys, young men, girls and young women are employed and then trained after views and ideas of our own into capable employees.

In the first place we maintain a medical division presided over by a physician of standing, who looks after the general health of all the employees along the lines of hair, eye, ear, nose, mouth and speech, as well as respiratory and infectious diseases, defects of limbs, etc. He also looks after the employees who have been confined to their homes by illness, and they must receive his approval before they are allowed to return to work.

In addition to this we have endowed beds at two of the best hospitals in the city for the use of employees, and we have a medical room in the store where employees may receive attention and consultation free of charge.

This gives you but an idea of the attention given to health.

In addition to this we maintain schools not only for teaching the employees how to sell goods, but also for their education, for all under eighteen who have not completed at least eight grades in the public school are given the time to attend classes in this school in the building without reduction of pay; books are loaned to them and a university graduate is furnished by the House to instruct them, and all without cost to the employees.

Upon completion of a prescribed course of study embracing business arithmetic, English, correspondence, spelling and penmanship, a diploma is granted in this school and the students are transferred to classes for the study of merchandise from the raw ma-

terials which we have on hand to demonstrate with. Talks on scientific selling are given and demonstration sales are conducted, and the proper attitude towards customers is made clear according to the ethics of our House. There is no reference to "teacher or pupil." We are all one, learning and trying out methods for the building up of the business to serve the public in the highest degree possible, and at the same time benefit the employees not only by educating them but by giving them also the opportunity to apply what they learn.

Every one is thus given the opportunity to develop and advance, and as no favorite relatives or outsiders are brought in and placed over them, it depends largely with each individual whether he or she advances or not. As an illustration of those who have succeeded, I will cite just a few cases out of the very many that I could mention. First, our President started as a stock clerk in one of the departments some forty-five years or more ago—but more about him later. Second, one of our most important department heads to-day, Mr. Thomas Blayney, started as my personal messenger boy thirty-odd years ago. In addition to these, the House recently advanced Mr. David M. Yates, Mr. E. L. Howe and Mr. E. L. Corliss to be, respectively, General Manager, Merchandising Manager and Assistant Manager of the Retail Department. These men have all come up from the lower positions.

This system, somewhat military in aspect, conserves, we believe, the interests of the House and of the employees, and it bespeaks a happy, healthy and serviceable organization. For it stimulates and encourages its members to strive for the nobler things of life, thereby creating a better citizenship everywhere.

For the entertainment, relaxation and benefit of the employees at the retail, there are gymnasiums, libraries, music rooms, private restaurants, rest rooms, etc.—libraries that circulate 6,000 books a month, restaurants that serve the very best food to over 3,000 employees daily for from 16 to 17 cents per meal, music rooms and musical societies from which has been created one of the finest choral societies in the United States.

The young girls are carefully looked after by the matrons and everything is done by the House for their safety, comfort and womanly well-being. A Welfare Department is maintained, and every girl or woman employed by the retail section has to pass through this Bureau for personal instruction as to dress, deportment, personal appearance; likewise matters pertaining to character and morality, for these are also handled by this Bureau, as well as those of living conditions. That is, it finds out if a girl is living alone, with friends or relatives; if she is not pleasantly, comfortably and safely located, help is extended to secure her the right place.

The young women are also at liberty to consult with this department upon their personal matters as well as questions of

business, and 75 per cent. of the work is confidential in that it embraces the personal problem of the individual.

It is a pleasure for me to say at this time that there are in this great organization many able women who zealously compete with the men for the highest positions. It can be mentioned here, even if you already know it, that the greatest store in Paris—the Bon Marche—is managed by a woman. This also is the case with one of our large stores in Chicago, and I understand both are well managed.

In this day of franchise for women, my belief is that if the women can demonstrate that they have better capabilities for the higher positions than men, it is but equity that they should receive them. And this alongside of what the State of Illinois has just decided to do, *viz.*, to pay the same wages to women as to men.

Woman has nursed and coddled man since his birth, and it seems to be rank injustice that as soon as she has placed him upon his feet he immediately turns and says, like that shipwrecked Irishman who finally got onto a desert island and could utter but one sentence: "I am agin the Government!"

We hear much about the social, divorce and other evils and how they should be remedied, but I believe the emancipation and betterment of the human race will not come until the marriage service is changed and man is made to say that he will "Love, honor and obey" as well as the woman. Good husbands have to do it now, so why not get the credit and also make a law at the same time for the bad ones? It is certainly a parody on justice for man to say one day, "With all my worldly goods I thee endow," and then for him within a fortnight to take it all back and try to grab off hers as well; not to speak of setting himself up as lord and master in the bargain. No; correct some of these vital things first and fewer divorces and more happy marriages will be the result.

But to return: Marshall Field & Company's pride is not altogether in what its organization can do for itself or what is done for it, but in its magnificent ability to render service to that part of the public desirous of being served by this House. Having such an organization to handle the most finely selected stock of goods in the world for humanity's needs, enables us to offer a service that is beyond the possibilities of otherms, and we believe that service to customers is the paramount test of greatness. After all, that which is accomplished for others, rather than self, is really the only thing worth while, for it produces the greatest amount of happiness.

Selling at retail as we do to 175,000 charge customers, not to mention the thousands who buy for cash, and not to speak of some 46,000 merchants to whom we sell at wholesale, certainly is some evidence that something along the lines of efficient merchandising and service has been accomplished by this House.

The same service and conservation, and yet completeness, enter

into the merchandise itself that we offer, for while we handle the best of everything the world produces in our very many different lines, we likewise offer similar goods in the inexpensive grades. We pride ourselves on being able to fill almost any order. I might mention in this connection that a customer once asked us to send him a wife, which we did, and I am sure that in that instance we furnished a perfect paragon, for there was no return of goods nor complaints.

I don't know of anything that will give you a better idea of the magnitude and worth of the stock that this House carries than to repeat a conversation between two ladies—one who had visited your beautiful Fair and one who contemplated doing so. The second asked if it was fine enough to go so far to see. The first answered: "Yes, if you wish to see beautiful buildings and sights, but if you only wish to see exhibits then stay home, save your money and visit Field's Retail."

The Estate of Marshall Field through its trustees—The Merchants' Loan & Trust Company, Chauncey Keep, Arthur B. Jones and Marshall Field—the latter a grandson—still retain an investment interest in the corporation, but the organization is exemplified in the person of its President, Mr. John G. Shedd, characterized by the late Marshall Field as the "greatest merchant of his time."

Mr. Shedd is a quiet, unostentatious man, "Made in America" brand, thoroughly democratic, approachable by the humblest employee if he has proper business with him, but like the Captain of a battleship, he is trained to the highest degree of efficiency for the high position which he holds and not by any other influence but that of real merit and fitness for the office of President of this greatest of mercantile houses.

He is ably assisted in the management by the two Vice Presidents, Mr. Stanley Field and Mr. James Simpson, who are younger men than Mr. Shedd, but whom he is training in turn for a possible succession.

In addition, Messrs. Frederick Reynolds, Charles Martin, Henry James and Thomas Eddy do the work of a Treasurer, Secretary, Cashier and Superintendent respectively, while Mr. James Barnes manages both the Credit and Law Departments.

If there is any one thing that can be said in Mr. Shedd's honor over that of being a great merchant, it is his personal interest in the welfare of young people. He has not only the reputation in the organization of being largely self-made, but of having trained more young men for higher positions than any one else, and he clinches this reputation by making frequent and munificent contributions to the Y. M. C. A. for their benefit and uplift.

The present management have inaugurated a custom of giving to those who have served the House fifty years a gold badge studded with diamonds and properly inscribed. This not at all as a reward for services rendered, but "Lest we forget" in this

rapid life the faithful work that has been accomplished, the House as a remembrancer of and as a tribute presents each one as their half-century passes with this specially designed emblem.

The late Mr. Joseph N. Field, brother of Marshall Field, deceased, pinned the first badge upon the breast of our oldest employee—Mr. Edward Nevers—who is still living and in good health, but recently retired after fifty-four years of continuous service. Others have received a badge since that time for their half-century periods.

I do not know if any of the women workers will be willing to acknowledge fifty years of service, but I do know of one white-haired lady, hale and hearty still, who is considered one of the most expert judges of laces in this country, who must be nearing the time for the badge.

The late Marshall Field was once asked in my presence by some visiting foreigners whom I had shown over the store, "How did you accomplish all this?" And he answered, "I did not do it, my boys did it for me," a characteristic remark of a man decidedly great.

An essay upon this great House would not be complete without a reference to its founder—Marshall Field—a man who started as a poor boy, but when dying at seventy was able to leave millions alone for the benefit, education and pleasure of his fellows by the creation and erection of a magnificent public museum, the permanent building for which is now in the course of construction on our Lake Front, the temporary museum and its exhibits having been for many years in one of our beautiful parks on the South Side.

Marshall Field's advice to young men was that "they should carefully consider their natural bent—be it business or a profession; that they should apply energy and common sense to their undertakings; that they should learn to do work thoroughly; should enhance their own and employer's interest at all times; should choose good companions and practice honesty, devotion to duty, self-control and economy, avoiding habits of self-indulgence; that they should begin early in life to save, if only a little, making themselves a success in small things first, but remembering above all else that character is better than wealth."

Certainly these admonitions are manhood's keynote for success and happiness, as they create self-reliance, high principles and the conservation of wealth, which prepared one for the desirable positions of this life and reaches out towards those of the next.

In conclusion permit me to apologize for the length of my paper, but, as requested, I have tried to enlighten you as broadly as possible in the time allotted me upon the conservative and protective methods of this little world in itself—the establishment of Marshall Field & Company of Chicago—as they pertain to insurance, economic and social conditions.

SAFETY FIRST FEDERATION OF AMERICA

BY HARRY P. COFFIN

Chairman, Public Safety Commission, Portland, Oregon

We are living in a century of speed. Every endeavor, human or mechanical, is exerting itself in obliterating space and time. Much has been written of late, deploring this growing evil that has struck to the very foundations of our existence. This speed microbe has been planted in old and young, rich and poor, the distinguished and the criminal, and no place either on land or sea, or in the air we breathe, seems to be free from its enticing tentacles.

Man's ingenuity, during the past generation, has placed within our reach dangerous weapons of locomotion and mechanical operation, revolutionizing primeval conditions and making obsolete the antique laws and regulations governing them.

Our civilization grows daily more complex. Every man's life is more inextricably linked with the lives of others. Injury or misfortune to one is increasingly an injury to all. Out of a just realization of these conditions is coming a larger sense of civic responsibility, due to the fact that accidents and deaths have alarmingly increased, inflicting untold hardships and sorrows upon families involved, and causing irreparable loss upon the community.

It is the general opinion that 75 per cent. of the accidents are preventable. It is said that fully 500,000 workers are partially or totally incapacitated each year, carrying an economic loss of 250 millions of dollars, based on the average worker's wage earning capacity of \$500 per annum.

Our country has spent millions conserving our national resources in the care of our forests and game, but what of the conservation of man? The Government has been slow to initiate a remedial movement to reduce this awful waste of human energy. It is difficult at this time to forecast the will of Congress. It is quite likely that its efforts will be confined to industrial safety and transportation by public carriers engaged in inter-state commerce. So it has largely devolved upon public-spirited citizens in the local communities to stimulate a personal care and responsibility among its own people.

Thus sprang into existence the slogan: "Safety First." Starting in the Pacific Northwest, it has spread to every walk of life in every direction, stamped with the endorsement of all classes, even to the point of universality, though lacking uniformity of action in its application. "Safety First" has become a world factor. It is a movement without parallel in the history of nations, until to-day it has become a giant issue. Public safety com-

missions, Safety First committees and societies have been organized throughout the land, all with the same object in view—that of accident prevention, but lacking essentially in the constructive force necessary to such a movement.

Men are beginning to realize its importance, but appreciate its lack of coördinateness. There is, however, hardly a man, woman or child on the street to-day who has not been impressed with the weight of that slogan "Safety First." It acts as a deterrent to the careless automobile driver, it whispers advice to the venturesome boy or girl, it rings out a warning to the engineer at the throttle, it holds up a cautioning finger to the pedestrian, with but one thought—"Safety First." So year after year, the fruits of this movement are ripening, public sentiment is being molded. Some one has said: "With the need for safety and caution in the fields of labor and hygiene made a part of the education of our children, the next generation of citizens should be able to turn the sting of wastefulness into channels of dividends, salaries and wages. A barrier against the rising tide of the wastefulness in our national life is the consciousness that gives the worker a feeling of proper protection. Safety relieves the tension, prevents accidents, maintains health and is an economy for the employer, for in addition to removing cause for damage suits or the loss of skilled employees, the output of the plant is increased. It is certain that the general efficiency of any business is at a higher standard when the employees feel that their lives, their health and their interests are matters of importance to the management, than when this feeling is absent." This is not entirely a humanitarian movement. It is a business proposition, and a good one, too.

Our communities are endorsing the potency of this movement. Railroads have installed elaborate systems, our public service corporations, transportation, light, heat, power, telephone, have made the slogan the subject of careful study and have realized its efficacy in the diminishing accident reports. Industrials are setting aside large sums annually for the dissemination of literature in educating their employees to conserve that which is most dear and unreplaceable—their lives and limbs, as well as their property.

The preachment of conservation, the education of self-preservation, is fundamentally the first law of the State. The power of the commonwealth to enact laws pertinent to the protection of health, safety and comfort is unquestioned, but unless something is done to codify these regulations and achieve a uniformity of purpose, this movement will not have reached its highest purpose.

There is no question that much has been accomplished by the various local safety movements in suppressing the chance taker, eliminating dangerous conditions, reducing carelessness and negligence and carrying the gospel of safety and fire prevention to old and young, but much more effective could these societies become if they were affiliated with a National movement.

Realizing the greater effectiveness of a concerted movement, Mr.

Frederick H. Elliott, of New York City, spent several years in the work of perfecting a National organization, exclusively devoted to the problems of public safety. By his personality and earnestness he interested men of national reputation who organized the Safety First Federation of America, Inc. These public-spirited men gave freely of their time and money to promote this movement and have made it possible for the Federation to become an immediate success. The plan and scope adopted into its by-laws are worthy of mention at this time.

"The Safety First Federation of America was organized in New York City on February twenty-fifth, nineteen fifteen, for the purpose of coördinating the work of the many public safety bodies in a strong national organization, through which local activities can be expedited and extended, assuring greater efficiency in effecting results; to promote the public safety movement, which has assumed nation-wide proportions, in better safe-guarding human life and property; the application thereof to public welfare and occupations, with particular relation to public highways and places.

"The Federation will serve as a clearing house for ideas and suggestions, the collection of information, the compilation of statistics, distribution of literature, and to advise and counsel regarding the best safety measures for general adoption, and assisting in the organization of local safety societies and committees.

"The Federation will endeavor to secure the enactment and enforcement of laws designed to insure such safety; to bring about uniformity of laws and regulations on the subject among the several cities and states; to secure the construction and maintenance of good roads; to establish and maintain exhibits of safety devices and methods, and to define a comprehensive educational campaign for public instruction, providing a uniform lecture course for public schools on safety precautions, compiling a Safety First textbook in which the most common forms of accidents will be graphically illustrated and showing how to prevent their occurrence."

When Mr. Darwin P. Kingsley, President of the New York Life Insurance Company, accepted the presidency of the Safety First Federation of America, the Federation secured one of the best known of New York's citizens—one who has established a most enviable prestige in the insurance world and who has an international reputation in financial, commercial and industrial circles. An excerpt from his remarks in accepting the presidency of the National body sounds the keynote of a sane and efficient administration.

"The Safety First Federation of America represents primarily an effort to achieve uniformity of action in the field of public safety through the power of a wider public opinion. The work of the Federation will be wholly educational; but that is the only efficient method we have in this country in the achievement of reform. Laws and ordinances are easily obtained when an educated public

opinion demands it, and unless such opinion is back of law—however excellent its form—its usefulness ceases.

“Everybody, for example, needs to be educated as to what they should and should not do on the streets—especially in the larger cities. Street traffic has been revolutionized in twenty years. The old way of crossing the street will no longer do. It is dangerous. A dog no longer runs against or under the automobile as he did when they first appeared. He has changed his whole attitude toward street traffic. The average man has not changed; he still goes wandering across the street as he did when the traffic was wholly made up of horse-drawn vehicles. On the other hand, the traffic as against the pedestrian has grown aggressive and careless. The power that lies in the gasoline has, as it were, crept into the brains of the auto drivers.

“Safety First in street traffic is only one of our objects. We look to the greatest development in the direction of coöperation with the existing machinery which is to be found throughout the country in the local Safety First organizations or public safety committees of boards of trade, chambers of commerce, automobile clubs and kindred bodies interested in public welfare, which necessity and urgent demand or corrective measures have already created. My full sympathy with the object of Safety First has been enlisted, and, in accepting the presidency, it is my hope and desire to further the work that means true economy, conservation of life and property.”

From a perusal of the plan and scope of our National organization, it is very clearly defined that all its energies and activities will be devoted to public safety, that it is the only organization in the country confining its undertakings in this direction and will not, for the present at least, digress to that of industrial safety, therefore conflicting in no way with the aims or purposes of any other organization or association with activities of a national inclination.

There has been an appreciable decrease in accidents due to the work of the Federation in the short time of its existence. Its field of usefulness, however, is broadening each day. A number of the National committees have been authorized and are at work. The Transportation Committee, of which Police Commissioner John Gillespie, of Detroit, is Chairman, has under consideration recommendations which have been approved by the American Electric Railway Association, the most important of which are:

Standardization of traffic regulations.

Approved uniform signs and signals.

Regulation of vehicles and street cars as to operation on public highways.

Near stop for street cars.

Regulation of jitneys.

Designation of safety zones and cross walks after the Detroit plan.

Educating the public to cross the street at regular crossings and

- urging upon municipalities the centralization of authority for directing pedestrian travel as provided in the Detroit plan.
- Exclusive use of siren whistle on fire and police vehicles.
- Standard form for reporting accidents by municipalities.
- Elimination of glaring headlights on motor vehicles in populated districts.
- A nation-wide campaign relative to danger at grade crossings and trespassing on railroad property.
- The endorsement of the plan of the Safety First Society of New York, of which Mr. Charles L. Bernheimer is president, for the appointment of a street traffic and vehicle commission for the State of New York, favorable action of which has been assured by his excellency, Governor Whitman. The duty of this commission will be to investigate and consider the desirability of a more uniform traffic regulation throughout the state, for the movement and direction of all vehicles upon the public streets and highways, to take the place of local ordinances except such provisions which are purely local to a community, such as parking of autos, one-way traffic, etc. A similar commission would, no doubt, be popular in other parts of the nation.

Important is the reference to the danger of trespassing on railroad tracks. Words cannot express the extreme hazard one assumes in walking on the right of way, trestle or bridge of a railroad. During the last twenty-four years, there have been 108,009 persons killed, 117,257 persons injured—a total of 225,266 walking on the railroad tracks and flipping on cars in the United States. Of these 149,163 were citizens of the locality in which accidents occurred, mostly wage earners; 31,049 were children under 18 years of age, 45,054 were tramps and hoboes.

A number of railroad companies have endeavored to obtain legislation in various States, thirty-five of which have no law specifically prohibiting trespassing, with no results, owing to the hostility of the rural localities who use the railroad track as a short cut and highway, but oftentimes a short cut to eternity. The subject of trespassing will be one of the important items considered at the coming convention. In all probabilities, Congress will be petitioned to make a law prohibiting the entering, going upon or being upon the property of any railway engaged in inter-state commerce and putting it up to the United States Marshals to enforce it.

Now let us turn for a moment, if you please, to that phase of safety, the prevention of loss of life and property by fire and the protection of our citizens against that most dreaded of all the elements. This important subject is handled by the Fire Insurance Committee presided over by Mr. Elbridge G. Snow, President of the Home Insurance Company of New York, and the Fire Prevention Committee in charge of Mr. William Guerin, former Chief of the Fire Prevention Bureau of the Fire Department of the City of New York. Sad to relate, there are manufacturers and busi-

ness men who do not care about fire prevention, who are annoyed to have it talked about, who will not spend a cent as a precautionary measure, unless forced to, neither will they coöperate in any movement looking to an amelioration of these conditions. Owing to this apathy, it is a hard problem to initiate thoroughly such a movement. It is a significant fact, however, that we are beginning to realize the economical, if not the social, value of one human life, which cannot be measured in dollars and cents. Property can be easily replaced *via* the underwriters route, just as long as the Fire Insurance Companies meekly pay the losses, but our business men little realize that these same insurance companies are practically our agents in collecting and distributing money and that this same commercial body is affected indirectly in the millions of dollars of property ruined by fire annually. These committees jointly, are considering a nation-wide educational campaign to reduce these losses by fire throughout the country. Committee members from all parts of the United States and Canada met in New York August nineteenth last and voted to recommend to the forthcoming annual convention:

1. Enactment of fire prevention laws in all States of the Union.
2. Appointment of Fire Marshals in all States.
3. Enactment of state building codes.
4. Legislation covering combustibles and explosives.
5. Legislation making persons liable for loss or damage to others due to carelessness.
6. Establishment of a National fire prevention day.
7. Campaign of education on fire prevention. Also to promote a movement for a sane Fourth of July and to support the proper authorities in their effort to minimize the number of preventable accidents due to the celebration of our National holiday.

The Health and Sanitation Committee, led by Dr. Gardner T. Swarts, of Providence, Secretary of the Rhode Island State Board of Health, will recommend proper legislation, requiring that loaves of bread, rolls, biscuits, cake, etc., shall be sold only enclosed in suitable wrappers—a practice followed of late by manufacturers of tooth brushes, tooth picks, Domino sugar and other articles for personal use which necessitates much handling in shops and marts. The Pure Food Agitation will also be considered and many important recommendations will be made for the safeguarding of the health of the public.

One of the most important undertakings of the Federation will be the publication of the text-book, "Safety First for Children," in which the most common forms of accidents will be graphically illustrated, showing how to prevent their recurrence. It is the plan that every boy and girl in the public schools will have one of these booklets. Indications point to a large number of endorsements and approvals from municipalities, warranting the

statement that "Safety First for Children" will have the greatest edition of any book ever published.

The subject matter before you has been treated only in a general way. Time forbids of a more detailed discussion of so vast a subject, but if the Federation can accomplish the task of making men think "Safety" and thus minimize an element of chance in the conservation of human life and limb, its labors will not have been in vain.

In closing, may I suggest a thought that those two words "SAFETY FIRST," should be held as sacred as the sign of the Geneva Red Cross on its errand of mercy. They should not be used lightly or in jest or in an advertising way, but when a man, woman or child sees those two words, "SAFETY FIRST," it should be an incentive to "STOP—LOOK—LISTEN."

NATIONAL ASSOCIATION OF CREDIT MEN

BY C. E. BAEN

Assistant Manager, International Banking Corporation

Mr. Chairman and Gentlemen: The National Association of Credit Men has delegated me to address you gentlemen this afternoon. I assure you it gives me great pleasure and I appreciate the honor of appearing before such an important convention as the World's Insurance Congress.

While I am not fully in sympathy with the National Association's choice of a speaker on this occasion, since I feel it could have made a wiser and better selection, nevertheless I share with you gentlemen a lively interest and a full sympathy with this very great and important subject which has been assigned me, that of Fire Waste and Fire Prevention.

It seems exceedingly appropriate that this great Insurance Congress should be held in San Francisco this year—not alone because we are holding what we believe to be the greatest Exposition the world has ever seen, in celebrating the building of the Panama Canal, but also because this City, as you see it to-day, is real evidence of the solvency of fire insurance companies throughout the world and their ability to meet and successfully overcome even so great and dreadful a calamity as the San Francisco fire of April 18, 1906.

The National Association of Credit Men for nearly twenty years has conducted a vigorous campaign for the betterment of credit conditions in the United States. It is but natural, then, that this great live organization of nearly twenty thousand members in every commercial center of our great country should be lending its energy and its influence to reduce fire waste and to do everything in its power to bring about a better solution of the fire in-

insurance problem as it exists to-day in every section of the United States.

Appreciating that excessive fire losses must necessarily have a damaging effect on credits in general, a fire insurance committee was appointed and made its first report to the National Association of Credit Men at its convention held in Chicago, June, 1907. This report called attention to the great possibilities of the Association to assist in this great work, urged that there be established uniform inspection laws and ordinances throughout the States of the Union and also recommended the adoption in all States of a uniform standard fire insurance policy.

The Committee's report of the following year—1908—emphasized that greater efforts would have to be put forth to better control and reduce our enormous fire losses, and brought before its membership in as forceful a manner as possible its seriousness from an economic point of view. The Committee also began to seek means of preventing this useless fire waste and for the first time urged that there be established in every State of the Union a Fire Marshal Law. This law was designed to give to Fire Marshals adequate and liberal powers, such as authority to enter private premises, make careful examination as to origin of fires, make arrests and such other acts as might be necessary to completely carry out its provisions.

At this time a fight was begun against the "valued policy law" which had been passed by the legislatures of several of the Southern States, and which in the opinion of the Committee very largely increased the incentive for incendiary fires and consequently would necessarily increase fire insurance rates in those States where these laws were on the Statute Books.

A definite plan for the education of its members was outlined and through its members the retail dealers of the country were to be reached.

During the years 1908 and 1909, almost every local association affiliated with the National Association appointed fire insurance committees, invited speakers—experts and well known underwriters and fire insurance men—to discuss before its membership fire waste and better means of curtailing this great burden on the business men of the United States. The Committee, in 1909, in order to conduct a campaign of education among the retail dealers of the country, caused to be written a series of six pamphlets covering the entire subject in a concise, readable form, designated as "Burning Subjects." These articles hit the spot, were read with great interest and several millions were issued.

Local fire insurance committees began to get in working order by 1910, through whose efforts the well known fact of the relation of fire insurance losses to fire insurance premium costs was discussed, and efforts were made in a number of Committees to reduce these costs by reducing fire hazards.

All of this work, Gentlemen, was educational and instructive,

and we believe in a large measure effective, since one of the most discouraging aspects of this subject is the apparent lack of interest of the great masses of our people who seem content to pay whatever insurance premium the conditions require and let it go at that. The present attitude of mind of the public to this great question of fire waste is the greatest stumbling block in the way of remedying it. Once you get the facts squarely before the public, and get them to realize their significance, you are well on the way to better fire insurance conditions.

The work of the National Association was generally supplemented and supported by representative fire insurance men. They supplied speakers freely, and coöperated in every way that was open to them.

The National Board of Fire Underwriters at the National Conservation Congress held in Kansas City, Mo., September, 1911, spoke of this work in these terms:

“The National Association of Credit Men, which has perhaps devoted more time to the study of insurance and fire waste of the country than any other commercial body, has been very active in acquainting business men with the importance of the subject, and in encouraging the adoption by municipality and State of such remedial measures as will tend to diminish the steadily and rapidly increasing fire losses.”

Fire insurance is a great business in the United States, but fire insurance companies are in a large measure only trustees for their policyholders, obligated by the insurance laws of several States to hold as a trust fund out of premium receipts a very large percentage thereof for the purpose of paying the very heavy unusual losses which, like the poor, are always with us.

Out of what remains over legal reserves must come the cost of operation, which includes agents' and brokers' commissions, cost of inspections, taxes, which in some States are burdensome, and losses; what is left of the fund, if it has been a good year, and that means of the fire loss is normal, say two hundred and twenty-nine millions of dollars, which is the average loss for the past four years in the United States and Canada, goes to the stockholders of the companies as their reward for affording the protection.

The public generally assumes the business of fire insurance to be a very lucrative one, and that fire insurance companies, from some source or other are able to obtain enormous sums year after year with which to meet their losses. The facts are that in the past ten years, owing to extraordinary losses caused by general conflagrations in Baltimore, Toronto and Rochester in 1904, San Francisco in 1906, Chelsea, Mass., in 1908, the stockholders of American fire insurance companies were called upon to advance over forty millions of dollars of new capital to rehabilitate and refinance their companies in order that our great commercial interests could have

proper and adequate fire insurance capital. Those companies whose stockholders were unwilling or unable to make these sacrifices were compelled to compromise with policyholders, liquidate their business as best they could, and retire from the field. Naturally, some of these losses, having been transferred to policyholders, brought forth from them a mighty howl and we heard a great deal of welching fire insurance companies as well as a lot of unmerited and unjust criticism of fire insurance in general. It is difficult, Gentlemen, to see in this attitude of the American people towards fire insurance, that spirit of fairness which they generally show on all other great questions. It is still more difficult to understand how, year after year, we allow two hundred and fifty million dollars of our national wealth to be destroyed by fire waste, particularly when we are told by those having expert knowledge of this subject, acquired by years of experience as underwriters, that from 50 to 80 per cent. of this great sum annually lost is due to preventable causes and might be saved if proper care is exercised, proper inspection work done and better regulations observed as to the erection of buildings and keeping premises free from accumulated débris and rubbish. This does not seem to be such a tremendous undertaking, since all of our large cities have expensive and well-manned fire departments. Doesn't it seem reasonable that more of their energies could better be expended on well-known means of fire prevention as well as answering fire calls? Doesn't the old time doctrine of "an ounce of prevention" seem to apply in this case?

The Fire Marshal of the State of Illinois, in his third annual report, stated that he believed, if the chiefs of Fire Departments of the cities of the States would delegate two or three of their most capable men as inspectors, and keep them busily engaged in that work, the fire loss of Illinois would be cut down one-half.

San Francisco's fire department for the year 1912 cost \$1,562,769 or \$3.62 per capita. That, Gentlemen, seems a very large sum to pay for fire protection, but notwithstanding this great expenditure, San Francisco's fire loss for that year was \$999,975, or \$2.35 per capita. It would seem a fair deduction from these figures, and those of other American cities as well, that our fire departments, the most efficient as well as the most expensive of any country in the world, as purely fire fighting agencies and a means of preventing excessive fire loss, cannot be considered a success, since our fire loss continues to increase in a greater ratio than our population.

Fire prevention, then, looks like a more productive field and offers more encouragement than mere fire fighting. Mr. C. Holler, in a splendid article on fire prevention, points out that most of the countries of Europe have worked out the problem from this viewpoint and with very much better results. He quotes from a Federal Report of 1907 that the cost of maintenance of Fire De-

partments in the larger European cities, having an aggregate population of 15,074,432, was \$3,069,668, or 20 cents per capita.

For the cities of the United States having a combined population of 29,250,000 the cost of fire departments in 1912 was \$47,385,546 or \$1.62 per capita, yet our fire loss is one-quarter of a billion dollars annually while theirs is one-sixth of this amount, or \$40,000,000 annually. The reason for this great difference, Mr. Holler explains, is largely because they have paid more attention to fire prevention than we have, that they have built substantial cities, have brought, by adequate laws on the subject, the people to a full knowledge of their moral and financial responsibility for careless fire waste, and thereby have minimized fire loss, cost of insurance and by that much reduced the cost of living.

It would seem the fire departments of our American cities would bring better returns for the large sums spent for their maintenance if they could be made more efficient along the lines of fire prevention than they now are. Surely, these great efficient fire fighting organizations of ours could be developed into a wonderful force for teaching residents of our great cities and the property owners, the necessity for taking a greater interest in fire waste and fire prevention, bringing home to them the fact that at least 50 per cent. of their fire losses might be saved by simple and comparatively inexpensive precautions against fire and that thereby their premium cost of insurance might be materially reduced.

Finally, Gentlemen, I am led to believe from what information I have gathered in a very general way in securing data for this paper, you, who are instructed with safeguarding the large amount of capital which is now invested in the hazardous business of fire insurance, should continue to make every possible effort, in and out of season, to encourage and educate the people to coöperate with you along these lines in a more sympathetic and intelligent manner, to the end that there might be saved to the nation a much larger part of its annual fire insurance tax and your own insurance capital would be made more secure and better satisfied to remain in this great field, which is a matter of very great importance to the successful conduct of our commercial activities.

AMERICAN BAR ASSOCIATION

By ARTHUR I. VORYS

Chairman, Committee on Insurance Law

In conservation the American lawyer takes first rank. Without Order, Law, Peace, all efforts at material conservation would be dissipated. The function and the duty of the lawyer are to enforce the Constitution and the Law. His business is to preserve rights and punish wrongs by the orderly and peaceful methods

of the law. Upon the American lawyer rests the special responsibility of preventing disorder and anarchy, and of conserving discipline, order, peace, as designed and directed by the people in their constitutions and laws.

To him the Constitution and the Law are supreme. He knows no other guide. He yields to no other power.

At the Bar he advocates his cause as he sees it under the Law. Armed with the Law he is fearless before any court. He is unabashed, unawed, dauntless, before any tribunal or potentate, or any body of men, or the American people themselves, or any power or force on earth save the power and force of the Law.

On the Bench he recognizes no power above the Law but the Constitution, and no power on earth above the Constitution. He is the expounder of both and applies them to the cause as he determines it. He compels obedience of law-makers to the Constitution. He compels obedience of all to the Law.

On the Bench or at the Bar, the American lawyer always has his face set toward the Constitution and the Law. There and there only he looks for light, for guidance and for strength—"As the sunflower turns to her god when he sets, the same look which she turned when he rose."

Backed by the Law, the lawyer knows no fear in the presence of any foe. Every fiber of his being, every instinct of his soul instantly springs to defense against any and all who would oppose the law. This Republic, this tremendous American experiment, this century-old wonder of the world, stands to-day the triumphant expositor of its own success, because of the universal yielding to the Constitution and the Law. But when our institutions have been threatened, when crises have impended, then the initiative, the leadership and the indomitable courage of the American lawyer, obstructing the enemies of Law and Order, calling the people to their senses, settling our institutions on their true foundations, the Constitution and the Law, have always averted the threatened catastrophe and brought the ship of state back to her safe mooring.

Chief Justice White, in immortal words, has said: "How marvelously the existence of these United States as they stand to-day: a mighty people with a National government adequate to fulfill its purposes, with State governments sufficient to preserve local autonomy, and with its millions of people all free and yet all restrained by those limitations which make men free, is due to the wisdom of the fathers in lodging the ultimate protection of the Constitution in judicial authority, and thus saving the confusion and conflict from which the destruction of our institutions would otherwise have arisen."

There is no detraction from that wisdom in saying that lawyers were among those most prominent in formulating and breathing the spirit into that remarkable instrument, and that in so leaving it to be protected by the courts they placed it under the guardian-

ship and protection of American lawyers. And there is no less marvel in the reflection how loyally and faithfully the American lawyers have fulfilled their great trust and discharged their tremendous responsibility. With unwavering and surpassing fidelity to its true purpose and spirit, the American lawyers have construed, applied and moulded the Constitution about the varying stupendous changes in our relations.

Mighty struggles have ensued from their disputes over the Constitution, but never from their assaults upon the Constitution. Whatever the dispute, every lawyer disputant has urged the maintenance of the Constitution. And so the Constitution and our constitutional government have been preserved through a century and a half of the tempestuous community life of a people gathered from every nation of the globe. And so it stands to-day, in pristine strength and in a glory made sacred by efficiency and endurance through time, a monument to the patriotic loyalty and stern convictions and courage of the American Bar, which led in preserving it, as well as to the lawyers among the fathers who made it.

Standing for orderly government under the Constitution and the Law, the American lawyer fears no man or set of men, high or low. He acknowledges no higher power. Without cringing or fawning, without apology, he opposes every assault on the Constitution or the Law; and the mightier the assailant, the more plausible or insidious the assault, the quicker, the more forcible is the lawyer's response.

When an ex-Governor of an important State, in a Convention of Governors, said: "Where mobs are no longer possible, liberty will be dead," the response to so shocking a doctrine was at once so in the hearts and minds and on the lips of the people that lawyers felt no call to the defense of constitutional government.

But when an ex-President of the United States, so distinguished and so brilliant that every word he utters commands the attention of the people, with plausible eloquence advocated the proposed recall of judicial decisions, the American Bar, in spite of the prominence, influence and power of supporters of such a proposal, and in spite of the popularity of such proposed appeal from the courts to the people, instantly and emphatically denounced it, and so completely cleared the American vision to the unworthiness of such a doctrine, that the recall of judicial decisions now has few if any supporters.

Likewise we witnessed the instinctive, instant opposition of the American Bar, as represented in its National Association, when the Chief Executive of the Nation, in characteristic, delightful oratory, which we all would like to, but none of us can, imitate, suggested that law and justice should be sensed in some way from the feelings of the people, rather than from precedents and statutes. Relating his conversation with a lawyer, he quoted his own question: "After all, isn't our object justice?" And the

lawyer replied: "God forbid! we should be very much confused if we made that our standard. Our standard is to find out what the rule has been and how the rule that has been applied to the case that is." He then stated he would "hate to think that the Law is based entirely on has-beens" and "would hate to think that the Law did not derive its impulse from looking forward, rather than looking backward, or, rather that it did not derive its instruction from looking about and seeing what the circumstances of man actually are and what the impulses of justice necessarily are"; stating he had found "the flame of moral judgment burned just as bright in the man of humble life and limited experience, as in the scholar and man of affairs." He said he "would like his voice always to be heard not as a witness, not as speaking in his own case, but as if it were the voice of men in general, in our courts of justice, as well as the voice of the lawyers remembering what the Law has been."

These words fell on the ears of the members of the American Bar Association, who yield to none in admiration for the personal character, the learning, the distinguished attainments and the patriotism of the speaker or in profound respect for his exalted office. They fell, nevertheless, on the ears of those who believe as they believe in their Country's strength, that "Our standard is to find out what the rule is, not has been, and how the rule that is, not has been, applies to the case that is." They look for guidance to principles as illustrated in precedents. They seek to apply them to facts and conditions as they find them. They look for guidance to statutes and they look to statutes for any changes in established rules. They stubbornly refuse to recognize any other "flame of moral judgment."

At the first convenient opportunity the alarmed feeling of the American Bar seemed to find utterance in the words of one who said: "So far as the thought implies a lofty purpose to promote justice and prevent the perpetration of wrongs, either public or private, the Court and the Bar will heartily respond, and the history of the court is the best vindication of the doctrine; but if it implies that the judges are at liberty to disregard fixed principles and substitute an undefined and intangible popular apprehension of what a decision ought to be, which will vary with the sensitiveness of each individual judge, then the doctrine is full of peril."

And so, whenever and wherever the attack may be, and whoever may be the assailant, however lofty his motives, the American Bar has stood jealously, unflinchingly, aggressively and triumphantly against any and all efforts to destroy or to tamper with the vital, fundamental, underlying foundation on which this Nation was constructed and is maintained, of a constitutional government and a government by Law.

And now, on an occasion when all classes are called to report their labors in "Prevention and Construction," it is not inappropriate to remind you that all your labors would have been in vain,

except for the prevention of disorder or anarchy, and the conservation of order and orderly government, and these are due to the initiative, the example and the leadership of the American Bar.

This does not imply responsibility of the lawyer for the condition of the laws and constitutions as they exist. Lawyers may differ as others differ as to the wisdom of certain laws. Lawyers dispute over what the law is. Where lawyers stand, as one man, is for the Law and the Constitutional limitations on the Law, and our orderly mode of interpreting and applying both. It may be that lawyers, with their technical training and as legislators, as public officials and as advisors, should be blamed more than others for defects in the Law, for unwholesome constitutional provisions, for perversions of justice under the Law. As to all such accusations, let others defend. I am asserting the preëminence of the lawyer in the preëminent function of conservator of constitutional government and of the law.

It has been said, and it is true, that lawyers are not naturally reformers. They are naturally against change. They are naturally reactionaries. Their time is employed in their cases. The successful lawyer, like other successful men, is usually satisfied with the conditions under which he has attained success. Considering that we average about twelve thousand new statutes and thirteen thousand new reported decisions a year, it may be understood how the lawyer has little time for altruistic or utilitarian philosophy.

Lawyers as a class are not popular. Yet the confidence and trust reposed in them by others demonstrate the esteem in which they are really held; and every man has lawyers among his friends and acquaintances, whom he respects and admires. It has been said that "for every detractor we find a thousand men and women who trust their lawyers implicitly."

A writer of the first rank of present day fiction, in attempting to typify the life of "a successful lawyer," has him make, when in his prime, this somewhat paradoxical statement: "What did I know? A system of law inherited from another social order that was utterly unable to cope with the complexities and miseries and injustice of a modern industrial world. . . . I had spent my days in mastering an inadequate and archaic code—why? In order that I might learn how to evade it."

It would be interesting, had we the time and disposition, here to discuss the "successful lawyer," his merits and demerits in his relations to our institutions. Whatever they may be, it may be said that the lawyer, with his technical knowledge, is best adapted to reform procedure, with his developed sense of justice is best equipped to frame new laws, and, with his continuous studies of particular social conditions, is best fitted to formulate constitutional changes for the promotion of social equality and justice.

Like others, however, he is too busy trying to make a living, in the way ordained by mankind, to have time for much work for

the general benefit of mankind. Like others, too, in a country where equal opportunity is the proud boast that settles all questions about equal rights, and where at the same time the fulfillment of the injunction, "Love thy neighbor as thyself" is so fondly hoped for, the lawyer finds himself in constant battles under the banners "The Survival of the Fittest" and "To the Victors Belong the Spoils."

Dominating all else in the lawyer is unswerving loyalty to his client. Against him in every cause is just as loyal and faithful a lawyer, with the same clear conscience. Each, in demanding what he thinks his client's due, necessarily tries to prevent the other having what he thinks his due. The respect and sometimes the affection of the victor and the vanquished for each other is admirable and proverbial. Still their struggle is like the competition of merchants and, except where life or liberty is involved, the end sought is satisfying a client's craving for the "means of existence" or "root of all evil," whichever way you care to put it.

What marvel, then, if the lawyer, finding humanity in conflict rather than harmony, realizes that he will survive or succumb, according to the world's standards of success? What marvel, then, if the mainsprings of that success tend to stifle in him the fulfillment of the Scriptural injunction?

If conditions under the Constitution and the Law are unsatisfactory, why blame the lawyer more than others? His business is to enforce the Constitution and the Law as he finds them—not to make them. If there are "impulses of justice" not found in the constitutions and the laws, then the lawyer emphatically asserts they cannot be enforced. If they ought to be there, it is humanity's fault they are not. And the lawyer will forever assert that until humanity puts their impulses into the Constitution and the Law, their impulses cannot control humanity. Do not blame the lawyer for the omission, except as you blame yourselves and the rest of humanity.

Great men and patriots may proclaim, and universities of learning may instill into young minds, that the Constitution is an obstacle in National progress and development. And though the people generally should unite to destroy it, the American Bar will be found standing by the Constitution and the Law, and, in the language of another, "as long as the traditions of the American lawyer survived, they would suffice to afford energy and insight, from the exertion of which a new and enduring edifice of liberty and representative government would arise."

The people of this Country can do anything under the Constitution and the Law, but they must have or make the Constitution and the Law authorizing it, before they do it.

Let laymen and lawyer alike look in the face the joint and several responsibility of all and of each for our Constitution and our laws. Let our resolve be that all shall study our conditions and

see wherein the Constitution is "the broad highway through which alone true progress may be enjoyed"; and to see wherein the Constitution or the Law should be changed, if change is necessary, to enable us to fulfill the scriptural command which we feel in our souls should permeate all human activities.

It has been said that it is not true that "Christianity has been tried and found wanting," but that "Christianity has been found difficult and not tried." Let the people, through their constitutions and laws, reform their institutions, if they may, in a manner better calculated to carry out the simple but comprehensive lessons of the Master. The lawyers will not thwart them. The lawyers will enforce obedience to the Law. He said: "Woe unto ye lawyers: ye have taken away the key of knowledge: ye enter not in yourselves and them that were entering in ye hindered." But He said: "Think not that I am come to destroy the Law, or the Prophets: I am not come to destroy, but to fulfill." It was not the Law He condemned, but the lawyers' misinterpretation and misuse of the Law.

To-day the lawyer stands for enforcement of the Law, not for its evasion. And the lawyer will stand with all others for the maintenance and administration of constitutions and laws which may best promote that all-inspiring command, "Love thy neighbor as thyself."

AMERICAN INSTITUTE OF BANKING

BY JAMES K. LYNCH

President, American Bankers' Association

When I was invited to read a paper on the American Institute of Banking before this Convention, the veteran insurance man who did me the honor also wrote a letter in which he suggested that I would, without doubt, be able to deduce from the subject the importance of insurance as a stabilizing influence in the commercial world.

No banker has any doubts on this matter, nor does he require to be told that his credits are not properly protected unless covered by insurance. The merchant must cover his stock of goods by fire insurance; the builder must give surety bonds to insure the completion of his contracts; goods in transit by sea must be safeguarded by marine insurance; the honesty of the banker's officers, tellers and clerks, as well as that of the responsible agents of his customers, must be insured to prevent loss and perhaps insolvency through defalcation. Every employer of labor, and all those who come into contact with the public in such manner as to involve risk of accident, must be protected by indemnity insurance, and finally the lives of the men whose guidance is essential

to the completion of large enterprises should be insured. As human affairs are always incomplete, and every business, whether large or small, depends for its success on the life of some individual, life insurance may be said to be a universal protection which every business should have. I have not mentioned various special forms, such as cyclone, earthquake and lightning insurance, which conditions make necessary in particular places, and I am sure that many of my hearers can greatly extend the list. However inadequate this list may be, it will serve to illustrate the fact that the modern banker demands full information as to insurance carried in every credit statement, and, where it does not appear adequate, asks for additional protection.

What all this has to do with the American Institute of Banking, I am quite unable to see, but I will proceed to lay the facts before you, and your minds, trained in the science of assurance, will doubtless supplement my deficiency in vision.

The American Institute of Banking, a section of the American Bankers Association, was organized in 1902, the question of the organization having been first discussed at the convention of the parent organization, held in Richmond, Virginia, in 1900. The avowed purpose of the Institute was the Education of Bankers in Banking. It might be restated as the Making of Bankers out of Bank Clerks.

The membership in August, 1915, was fifteen thousand, six hundred and six, divided into sixty chapters and one correspondence chapter of over thirteen hundred members. Each chapter elects its own officers and also delegates to the general convention which elects the officers and governors of the National body. The Institute chooses a representative to the Executive Council of the American Bankers Association, of which the Institute is a section. The Educational Director of the Institute resides in New York and has office with that of the General Secretary of the American Bankers Association, so that the relations are close, and these relations are further cemented by the fact that the Institute *Bulletin*, giving news of particular interest to the members, is incorporated with the journal of the American Bankers Association and is mailed regularly to each member of both Associations. It might be proper to say here, that the members of the American Bankers Association are all banks or banking firms, while the membership in the Institute is individual and is composed of bank clerks and officers. So much for the machinery, and now for the work.

Each chapter takes up a course which is divided into two parts:

Part One: Banking and Economics, subdivided into Banks and Banking and Loans and Investments.

Part Two: Banking and Commercial Law, which subdivides into Commercial Law and Negotiable Instruments.

All literature used is revised by a Board of Regents, which consists of two college professors, two bankers and the Educational Director, who is the only salaried officer. Those who have satis-

factorily completed the course of study receive a diploma evidencing the fact.

The study courses are by no means play, and are taken very seriously. In addition, the chapters have stated meetings, at which addresses are given by local or other bankers of more or less prominence and experience, and lectures by professors in the nearby Universities on financial, economic and other kindred subjects. The chapters also maintain debates on financial questions, through which means the members acquire the ability to speak on their feet, as well as to think quickly and coherently—all valuable accomplishments for men in any walk of life.

The graduates, who now number over fifteen hundred, keep up their interest through the study of more advanced economic topics, which they discuss in chapter forums. The Savings Bank Section of the American Bankers Association has recently turned over their campaign for Thrift to the graduates, who give talks before public schools and other assemblies on this most important question.

This is a bare and rather imperfect statement of the work done by the Institute, and we may consider results already accomplished, those to be expected, and the causes that lead to its formation and which have contributed to its development. We must recall that this is a very large country with many resources undeveloped or but partially developed, and that to keep pace with the increase in population and wealth, has required a great increase in banking facilities. Banks have multiplied much more rapidly than trained men could be found to manage them, so that men from all walks of life have become bankers on short notice. As the crossroads station develops into a village, the country storekeeper becomes the banker, and finally when a real bank is incorporated, he may give up the store to take the position of president. When a rival bank is started, a retired farmer or some other local man of means and leisure takes the presidency. Men so selected are apt to be shrewd judges of credit, and long residence in the community makes them walking encyclopedias with regard to the financial condition of the inhabitants. They seldom err on the side of making unsafe loans, but are very likely to do so in loaning too much of the deposits and in tying up the assets in loans that are stickers, which is only another way of saying that they are quite lacking in banking experience and banking instinct. Of the technical and clerical side of the business, they, of course, know nothing, and they are fortunate if they succeed in getting a young man who has had fair training as a clerk in some neighboring bank, to take the position of cashier. In too many cases, his training is limited, and the clerks to whom he tries to teach the rudiments of banking lore seldom get beyond their teacher.

It is for such cases, and there are hundreds if not thousands of them, that the correspondence chapter was devised. It gives the seeker for knowledge an opportunity to acquire it without the

wasted time that must accompany unaided effort. It is generally recognized that the best banking training is to be had in a comparatively small office, say one employing from ten to twenty-five clerks. Here the necessities of the daily work compel the clerks to become familiar with all that is done in the bank; every one has to help during rush seasons in doing whatever there is to be done. Work is doubled or trebled in vacation times, or when cases of illness occur, so that before many years the competent boy who is not afraid of work has served in every capacity. The limitations are to be found in the degree of training and ability possessed by the head of the office, and also in his capacity for securing discipline.

The problem in the large metropolitan bank is quite different. With a force of from fifty to five hundred men, the necessity for departmental organization is evident, and the tendency is to develop, not all-round bank men, but experts in some specialty. The competition of the adding machine seems to make of the men cogs in a machine, and the time comes when whatever stock of initiative a boy may have had when he began work has disappeared, and he is in fact little more than a machine. The office manager, if farsighted, will sacrifice temporary efficiency for the ultimate good, not only of the men, but of the bank, by moving them about from time to time and thus securing a greater number of men who can be depended on in an emergency. None the less, the tendency is in the other direction, and there is much to be said against disturbing a man who is doing his work excellently well by putting him in a position where he is again a beginner.

The Institute gives the men an outlook beyond the cages in which they work; it shows them the relation of their particular task to the whole, and it helps to keep their minds flexible, to prolong the time during which they have initiative, and to give them the opportunity to rise to the higher positions.

It is not to be supposed that all members of the Institute take their work as seriously as they might, and a large proportion of them do not complete the courses of study, but the diploma is by no means a measure of the work that has been accomplished. The opportunity to talk things over with the men from other banks is in itself a valuable aid to education and one that, so far as I have heard, has never been abused. The men seem to recognize the limits that should not be passed, and they discuss methods and systems without touching on business secrets, either those of the bank or the bank's customers. The lectures are generally well attended, and addresses by men of note in the banking world can be depended on to draw out good audiences. The best evidence of the success of the Institute training is found in the steadily increasing number of graduates who are taking important positions in the management of the leading banks throughout the country.

When the first chapters of the Institute were founded, the older bankers were a little disposed to take the movement as something of a joke, and it was sometimes referred to as the Bank Clerk's

Union. This attitude nowhere lasted for any considerable time, and has now entirely changed. In San Francisco and in many other cities, the Clearing House pays a portion of the expense of the chapter, and the associated savings banks also contribute. In order to encourage the junior clerks to join, the dues are fixed at 50c. a month, and the sum so raised is manifestly insufficient to provide suitable quarters and to pay necessary expenses. Many of the banks also pay the dues of the boys who are getting the smaller salaries, although it is a fact that the boys who pay their own way are the more zealous workers. Still, as boys are taken into banks as young as fifteen years, and at salaries as low as \$25 a month, it is hardly to be expected that they can pay the dues from the first.

The work already accomplished gives promise of much greater achievement in the future, and I believe that in the Institute we have the means by which will be developed a body of educated and trained bankers who will give to the banking business in this country a standing which it has not heretofore enjoyed.

There has been some complaint that our banks produce trained clerks but do not produce good business men, that is, men possessed of sound judgment, and that business men, men trained in other mercantile lines, must be found to manage the banks. The earlier years of a man's work in a bank are spent in a deadening routine, which has but little in it to develop business ability, and it is the exceptional one who can emerge from it with any initiative left. To some extent the bank managers and directors are responsible through adhering too closely to the rule of seniority in making promotions and feeling that the boys must be given some years of drudgery before they are fit for responsibility. The capacity to work, to do drudgery, is indeed a valuable possession, but beware of keeping the boy too long at it, for if you do, you run the risk of losing something much more valuable; I have called it initiative, perhaps the common word "ginger" better expresses what I mean. Send the boy ahead as fast and as far as he will go, even if he does make some mistakes; get the benefit of the energy and the enthusiasm of youth while it lasts, for when once gone it returns no more.

Possibly this is the place where the Institute really has something to say to the Insurance men.

AMERICAN INSTITUTE OF ARCHITECTS

BY R. CLIPSTON STURGIS

President

I feel it an honor as well as a privilege to have the opportunity of putting before the insurance interests of the world

what in a modest way has been done by the institution which I represent—the American Institute of Architects—toward the work in which you are interested—the prevention of fire, the prevention of accident and the prevention of disease.

It comes very close to the work of every architect, because there is hardly anything that goes on in our civilized world that doesn't touch us and concern us very closely. We are alternately blamed in our profession either for claiming that we know it all, or else for seeming altogether too inquisitive and wanting to know it all. I can remember various instances where I have attempted to get information which seemed to me quite vital to the work I was doing, and I have been very politely told that it was none of my business. In hospitals, for instance, when we are attempting, we will say, to prevent the carrying of disease, either by physicians or nurses who came into the contagious wards, we were anxious to know just what the process was when the doctor came in and prepared to go into the contagious portion of the hospital, and how he disinfected himself when he came out again, but were met by a blank wall. They said "We will tell you what to do—just go ahead and do it."

Now all this preamble is simply to let you feel that architects necessarily come into these subjects in which you are interested from the ground up, so to speak. The moment we start in our business we have got to take up these various things you are interested in. Good construction, the prevention of fire, accidents, and the prevention of diseases, are all things that the members of the American Institute of Architects, and every architect who practices his profession, must have in every-day use. One almost might say that the architect is more interested in hygiene than the doctors or the health departments; because as a matter of fact he is perfectly disinterested, he lives with it the whole time, and has it constantly put up to him. Every building that he builds has something to do with one or the other of those questions.

I was going to say, and in fact I will say, that we had looked in vain to the insurance companies for the lead in good construction, and I think that is to a certain extent true. I do not think it is the fire insurance companies who were the first ones to push towards better construction. It was architects and builders, because it was demanded by the owners and because it was demanded by the common sense that every architect has got to have. He may design well, he may construct well and economically, but I assure you that he is no good whatever unless he has a good foundation of common sense; and that is what it means when we argue with the owner that it isn't common sense for him to build substantial walls to his building and frame the whole thing inside, floors and partitions, with wood. Not only from the fire point of view, but because he has a construction that is moving all the time with heat and cold and dryness and moisture, and in the course of a few years his repairs will outweigh the original sav-

ing. So we approach it from another point of view than merely that of insurance. There are many classes of buildings—say, heavy mill construction—where it might seem perfectly reasonable from the safety point of view, as far as fire is concerned, but where it would not be economical for the owner in the long run.

There is no question to-day but what the insurance companies throughout the country are fully alive to the importance, the absolute importance, of safe construction, and as this is gradually hammered home to the people, gradually we will be able to get better insurance conditions.

At present our policy is a shortsighted one, and one which it depends on both of us—insurance people and architects and builders—to set right if we can. Nearly all of our cities allow wooden construction in the immediate outskirts, even if they don't allow it in the civic centers. That wooden construction which is in the immediate outskirts will very soon be in the city itself—and it isn't that it is a menace itself to itself. If it simply hurt the man whose house was burned up it would be of very little moment, but it threatens the whole community; and the man who goes out into a suburban community and builds reasonably, with good construction of brick and stone, and fairly safe as far as the outside is concerned, really isn't protected at all if he is surrounded by other buildings which are of wood. We must go to the root of the matter and carry that sort of construction right out into our suburbs, and that is where it is so difficult to train our people to know what is right for them. They have an idea that because insurance companies pay the bills they don't. There was never anything in the world more false than that. We all pay, and if the rates for insurance are high we all suffer, and they never can be brought down until the general plane of building is lifted and we don't have such multitudes of unsafe buildings that set the high rates.

The architects from the beginning have been the advocates of better construction, and in many cases the argument which could be brought to bear would be lower insurance rates, but more important than that is the question of repair. And we would be more successful in persuading people to build of better materials if it were not for the unfortunate fact that our people are such transitory people. Our real estate men, of course, as you know, will build up a section and they will build it up with the sole purpose of getting rid of it as quickly as they can. What becomes of the buildings after two or three years is a matter of perfect indifference. Their prime consideration is that they look well when first put up, that they will the more readily reap good profits.

But the man who buys his home, in nine cases out of ten, doesn't look upon it as a permanent home, and is not apt to look upon it even as a permanent investment, his idea being that if a city is growing in his direction the real estate value will depend upon the land much more than the house that is on it, so that if the

property appreciates he can get out his profit even if the house deteriorates. Everybody expects to move, and this is one of our great difficulties in persuading people to build a better class of house.

I think you will see that architects do care about these things that you are interested in, and that they have always been working and will continue to work for better and safe construction.

On the standpoint, the prevention of disease: There are innumerable branches where the architect has his own particular work to do in regard to that, and you might rightly say that we are more interested than doctors and health officers. Town planning, in its big, broad sense, is a matter of hygiene, as well as beauty. From town planning you come to the various schemes for the development of domestic living, and the conditions under which the people live in close and congested tenement districts. There the architects have done a great deal in bettering conditions. The same is true of schools, which during the last twenty or twenty-five years have certainly moved from a condition where they were purely haphazard to buildings that are now accurately scientific and well built, particularly with regard to the health of the pupils in them. The same is true of our hospitals, which have advanced by leaps and bounds, getting cleaner, more wholesome, and better in every way. The same is true of our churches and our factories. In the development of those, the architects have not necessarily taken a leading part, but they work with the people who are leaders, and learn from them, because that is what we are doing all our lives—continuing our education.

The various buildings which house those who are on the public charge have been changed in very recent years from conditions that have been shocking and horrible and a menace to the community, to conditions that are universally growing better the whole time, and it is almost altogether a question of housing. With our poor, with the insane, and with the criminal—once put those people under good housing conditions, give them good air and plenty of it, and wholesome food, and we will cure many of the evils that exist, and cure many diseases.

Architects have had their share in all these things, and it is the greatest possible pleasure to be an architect and have a share in that class of work, but of course the real glory rests with the doctors and the nurses who are right on the firing line in all these things.

And then we come down to the more particular things that architects study: Light; there have been great changes in the whole treatment of light in the last ten years. Conditions to-day are nothing like what they were. Ten years ago you never saw the skeleton factory—totally glass—as it is to-day. Men thus work under wonderfully improved conditions in those factories, both with regard to light and cleanliness. The same is true of artificial

light, which has been studied so as to save the eyes of those who have to work under artificial light. In all those improvements, the architect has had his share.

Heat has been studied, so as to try to give air that is warm, and what is perhaps more important, air that is moist, as there is nothing so harmful as dry air. Their study of conditions of warm air, I think, have led directly to this movement for out-of-doors and fresh air. They have tried to reproduce inside the conditions of God's own air outside, and when they have come just as near to it as they could, they have said, "What is the matter with the outside air?" The more we can get of it the better we are, and that has been the first step toward out-of-door life, and that is what is going to do more for this country than probably any other one thing.

Again, just let me touch on this temporary character of our houses. The mere desire of people for fresh air and more out-of-door life is going to lead people with better means of communication—which we now have to move a little farther out, and to build houses with more land about them—and the moment that is accomplished, your man is going to begin to look upon that place as his own, because he is going to begin to garden and improve out-of-doors, and as soon as a man does that he begins to feel that he is in a permanent home. So that movement is going to work toward greater permanency in the houses that we build, and so by gradual steps one slides from a dry subject like insurance to the delights of the country and out-of-doors and gardening and all those things that make life worth living.

That, Ladies and Gentlemen, is the message that I bring to you from the American Institute of Architects.

AMERICAN INSTITUTE OF ELECTRICAL ENGINEERS *

BY JOHN A. BRITTON

President, Pacific Gas and Electric Company

As a representative and member of the American Institute of Electrical Engineers, it is my desire to express what I believe to be the sentiments of not only those who have the title and are termed "Electrical Engineers," but also all persons who are in any way whatever identified with large electrical interests.

Contemporaneous with the introduction of electric energy for light, heat and power purposes began the endeavor to secure better protection against the ravages of fire. In the earlier days of what is now perhaps the greatest industry, taken collectively, of the twentieth century, protection against the unknown quantity of electric energy was negligible. Insulation for comparatively small

* Not Read.

voltages was an assumed rather than a known quantity or quality. As the art progressed to the limits of force, adequate provision along similar scientific lines was not made, so that hazards of electrical installations were not fully understood nor comprehended. But as this science developed, so developed with it those concomitants that we of to-day are witnesses of—buildings of gigantic size, made possible only by the utilization of electric energy in transportation, so that the forty-story building becomes more feasible, and practicable than was the four-story building thirty years ago.

The force, therefore, of electric energy has produced the advance in synchronism with it of the arts and sciences to meet the demands of congested centers of population, thus conserving ground area but introducing elements of risks from fires and accidents that are the direct result of the meeting this week of the organization which I have now the honor of addressing.

The increase in the world's population centered in minority spaces of the world, presents problems of care, education and growth worthy of attention from the world's greatest benefactors.

The insurance idea of to-day may be regarded by those not cognizant of its ulterior motives as slightly Utopian, and to some it may perhaps be colored with the idea of personal gain; but to those who have a larger horizon in the affairs of the world and its people, it can spell but one word, and that is Civilization, with all the meaning that its bromide term expresses.

Fires cleanse, but to a greater extent destroy. Fires are begotten of carelessness and uncleanness. Protection against fires implies and stands for a better morality.

As investments, whether public or private, increase, so must come, as a necessary fellowship with them, protection from destructive elements, and no element can afford a better protection than the very elements themselves that are in themselves destructive—“*similia similibus curantur*,” hackneyed though it is, is nevertheless true.

Harnessed, the lightning's bolts are the obedient servants of man; the message that summons the protection is the bridled destroyer. So we of the profession electrical are in line with the progressive policy of to-day, to aid by our knowledge the minimizing of the losses, which are but factors in decadence, and to assist as far as we can in establishing safeguards and helps to reduce the criminal losses caused by fires.

There is perhaps no class in the United States to-day doing more toward fire prevention, accident prevention and the general betterment of conditions, than the men engaged in the generation and distribution of electric energy, all of which is due to the fact that those who come in direct contact with the great power known as “electric energy” realize better than any other class the great benefits which are being derived and spread broadcast through the

increasing use of that energy, and also appreciate the great dangers incident to its careless use.

While Californians are in close touch with the general work which is being carried on throughout the United States toward the elimination of fires and the avoidance of accidents, we of San Francisco are also in a better position to appreciate fully the great work which was accomplished and the assistance rendered in rebuilding San Francisco, through the Insurance Companies who stood by and contributed the money which was necessary to rebuild our City, and many of whom stood their losses nobly and honorably.

The business of electric generation and distribution to-day stands unique, owing to the ever increasing demand which is being made for continuous and constant service. With particular reference to the operations of the larger companies, they have been impressed with the idea that as the servants of the public they are not in position to allow their properties to be destroyed by fires or accidents no matter how much insurance is carried, nor considering the promptness with which claims have been paid in the past. They have become firmly convinced that their only salvation, and the only way in which they can serve the public satisfactorily, is to work along the lines of scientific fire and accident prevention. In other words: Practically every city in the world is at times dependent upon its central steam generating station for the power to operate street railways, elevators, factories, and to supply the light needed for the city. The destruction of a central steam station by fire, and the payment to-morrow of the entire fire loss would not to-night give a city its lights, would not to-morrow operate its street railways, nor turn the wheels in the numerous factories that depend upon it. No company can afford to allow its central power generating plant, or any of its substations and switching stations, to be destroyed by fire, and effective and efficient service should devote energies to do away with the possibilities of fires in stations, not only from a monetary standpoint, but from the standpoint of few interruptions to service on account of fires and of accidents. Accidents figure in the interruption of service as well as fire, and must also be guarded against.

Corporations supplying energy to any municipality should lead an example in the prevention of fires, in the training of men, in the proper and safe handling of the commodity which they distribute, and should exercise not only constant care to avoid accidents to employees, but zeal in educating the general public, with whom it comes in constant contact, to install necessary safety devices to prevent fires and accidents. In the territory of 35,000 square miles, operated by one public utility, there is a population of 1,500,000, and the example is set by over 5,000 employees in doing missionary work and in educating others to a high standard of efficiency, and the avoidance of fires and accidents.

The engineers of all organizations are in constant touch—through

the American Institute of Electrical Engineers, the American Gas Institute and the National Electric Light Association, through membership in the National Fire Protection Association, and through committees appointed from time to time from its ranks to assist different bureaus and associations, such as the Bureau of Standards of the United States Government, in formulating the latest ideas and sound principles laid down,—and are following the scientific principles evolved by them in every possible instance. They can look back to the old structures and power houses, which were the pioneers and were built of inflammable materials, in no way protected as to-day from accidents both to equipment and to employees, and feel a sense of gratification that they have gradually and continuously built them better, until to-day there are hundreds of structures that are absolutely fire-proof throughout, built of steel, concrete, brick and stone, and with the very latest equipment that science can give us. In addition they have followed to the letter the rules and regulations laid down in the “Safety First” campaign which has of late been sweeping the entire United States, and feel that to-day they are up-to-date and have accomplished wonders.

Regular inspection of all properties of each company should be cared for by a Fire Insurance Department; hose lines, chemical extinguishers and every known approved fire fighting appliance should be installed in power houses and buildings of all kinds, and regular inspections made by Safety Engineers, and bulletins and educational matter constantly sent out by Safety Committees.

High-power automobiles should attend all fires and assist the fire departments in the elimination of dangerous electrical appliances, whether belonging to the company or privately owned.

Automobiles used for general purposes, and automobiles and wagons known as “trouble wagons,” should be equipped with chemical extinguishers, and many instances are of record where men have used these extinguishers on wagons so equipped to good advantage in overcoming fires in private properties when they happened to be in the vicinity.

Men should be made familiar with city ordinances and all the rules and regulations laid down by the city governments wherein they operate, and should religiously adhere to and follow such rules and regulations.

The electric business, in which we are, of course, primarily interested, carries with it, so far as accidents and fires are concerned, perhaps a larger assortment of hazardous conditions than any other known manufacturing business. It is subject to all of the ordinary risks that any building, dwelling house or factory is subject to, and in addition is also subjected to conditions which it is almost impossible for human beings to guard against. The breaking down of a transformer, with a resultant fire from the oil in the transformer, the breaking down of switches and switch cells, the breaking down and burning out of motors and electric generators, are

not at all times due to local conditions, but may be due to some trouble on lines, or in some power house or station miles away, and these break-downs are so instantaneous, and in many cases so severe, that it is only by the most rapid and intelligent work and action on the part of operators in these stations that disaster is avoided. Switches have to be thrown, the lines cleared, the trouble located, the condition of the trouble analyzed, and in many cases in large generating stations, where there are a number of generators and a heavy power load, it cannot, as in an ordinary manufacturing plant, immediately suspend all operations and close down the entire plant and confine its endeavors to overcoming the trouble in one piece of apparatus. The trouble in the power house must be isolated, while the machines not affected must be operated, and simultaneously the trouble in the machine affected must be overcome, and if a fire occurs at the same time, the fire must be fought. Fires in electrical apparatus may be primarily considered as accidents, owing to the fact that they ordinarily occur due to a heavy surge coming back on the lines entering power stations. This overloads the apparatus and causes what is called a "break-down;" and then the fires which may result are a secondary cause due to the accident in the first place.

The fighting of a fire in an electric station is a very serious matter, and the utmost care and intelligence must be used in connection with overcoming such fires; and especially does this obtain when, as before stated, we cannot discontinue operations in such power houses, and devote all of our energies to overcoming the fire.

In the ordinary manufacturing plant, hose lines can be used indiscriminately, chemical fire extinguishers, water buckets, the Fire Department, and every known assistance can be at once utilized, and the one object in view is to put out the fire. In a power house, a hose line is the last resort. Water cannot indiscriminately be turned into highly charged electrical apparatus, as this might cause further trouble by short circuiting, and might cause injury to the employees in such plant, and might injure electrical apparatus, by short circuiting, which was primarily not affected at all by the break-down or the fire. Men have to be trained to consider all of the elements incidental to such a fire, and select and quickly use the apparatus which is best suited to overcome the fire, and at the same time not injure the other machinery in the plants.

Rules of companies are made along the lines of educating men, in cases of electrical fires, to use dry powder extinguishers, sand, sawdust, and extinguishers which are considered non-conductors, in overcoming such fires if possible. If these appliances are not adequate, and the fire is considered of too great magnitude to be overcome in this way, chemical or wet fire extinguishers are then resorted to. As a last resort, and where the buildings may

become aflame, it is permissible to use hose lines, shut down the plant, and fight the fire as an ordinary factory fire.

One of the large electrical operating companies has published for the benefit of its employees instructions concerning conduct at fires, from which the following excerpts are made:

“SAFETY FIRST—FIRES LAST

“A Few Suggestions Whose General Adoption
Seems Worth While

“In the event of fire in any large plant the man in charge should constitute himself a fire chief, and avoid confusion and loss of time by devoting his entire attention to directing his men.

“The city fire department, where available, should be called immediately a fire is discovered, irrespective of the magnitude of the fire.

“All men in plants should familiarize themselves with the location of fire apparatus, and keep in mind a plan of action in case of fire.

“When a generator, motor, or other electrical apparatus takes fire, cut off the current from such apparatus, shut down all revolving machinery, and apply Pyrene, chemical and powder extinguishers, and water from hose lines, in the order named. If current cannot be cut off, use Pyrene first, or get on a safety stand and use the chemicals and hose lines.

“If a building is on fire, the first move should be directed toward cutting all electricity from the plant, whether electric station, gas works, warehouse or any other class of building, and then handle the fire as in ordinary cases.

“Fires in cable-ways in stations should be overcome with Pyrene and powder extinguishers, or smothered with sawdust and sand. If the fire communicates to the building, cut the station out and apply water.

“Oil and gasoline fires should be attacked with Pyrene, chemical and powder extinguishers, or smothered with sawdust and sand. Attack all such fires from the windward side, if possible. Direct streams from Pyrene and chemical (wet) extinguishers toward one edge of the fire and continue crowding the fire until overcome. Streams thrown into the center of such fires may scatter the fire.

“*Automobile Fires.*—Use Pyrene, chemical and powder extinguishers, sawdust and sand, in order named. Robes, blankets and tarpaulins can also be used to good advantage in smothering such fires.

“Pyrene, chemical (wet) and powder extinguishers should be used as a battery, when possible. The loss of a few seconds in getting several on a fire at one time will be made up in effectiveness, quantity being a valuable consideration.

“Pyrene extinguishers should be directed into the flames. They can be used safely in breaking an arc; the fluid is a non-conductor, and harmless to any class of apparatus.

“Chemical (wet) extinguishers should be directed to the base of the fire or flames, and can be used without harmful effect on any apparatus.

"Pyrene and chemical extinguisher fluids, as discharged from the retainers, are absolutely harmless to persons, clothing or other material.

"Don't start fighting a fire haphazard. A few seconds expended in cool and deliberate planning will result in an intelligent and sane fight.

"Don't put water on an oil or gasoline fire. Water will spread the fire.

"Don't hesitate about turning a Pyrene or chemical (wet) extinguisher on a man if his clothing is afire. It will not harm him.

"Don't hesitate about using fire apparatus. It is provided for use, and the cost of recharges is insignificant when compared with damage that may result if a fire gets beyond control.

"Don't hesitate about wetting electrical machinery, if the fire is of such magnitude that it cannot be overcome with Pyrene, powder extinguishers, sawdust or sand. A wet generator is better than a burned station.

"Don't get excited. Numerous cases are on record where glassware has been thrown out of windows onto concrete pavements, while human beings have been left in burning buildings.

"Don't forget that a fire may throw many men out of employment.

"Don't forget that rubbish and fire are team-mates."

When we consider that a city such as San Francisco, with a population of about one-half million, from figures issued by the National Fire Protection Association, has an annual normal fire loss of about \$1,000,000, and that a tax is levied against each of the inhabitants of this city of about \$3.60 per annum for maintaining a Fire Department, and that in spite of the enormous expense there is still an additional per capita loss of \$2.38 per annum, we feel that it behooves every one of us to study carefully this great problem which confronts the American public, and which has been so aptly christened "The Crime of Carelessness," based upon the fact that 75 per cent. of all fires are considered due to carelessness.

When we compare the total per capita loss by fires in the United States each year of about \$2.50 against the losses as reported from Europe—Germany 20 cents per capita, France 84 cents per capita, England 54 cents per capita, we realize, in spite of the enormous resources and wealth of this great nation, that we are day in and day out wasting and expending our energies through allowing to be destroyed that which we have worked to build, and which can be considered as lost forever.

While a complete and thorough study of fire protection has not been permitted to us, owing to our other numerous duties, as it has been permitted to the thousands of clever men who are to-day giving their entire time and attention to this serious subject, we do believe that the time is approaching, and rapidly, when the destruction of properties by fires, and especially when these fires can be attributed to carelessness, should and must be considered in the

same category as any other criminal act. And we heartily agree that a law should be provided making it a crime subject to fines, and in extreme cases a felony, when, through carelessness and after property owners have been warned, they allow their own properties to be carelessly destroyed, and incidentally destroy properties belonging to others, and cause not only a monetary loss but the destruction of life.

We understand that laws are now being enacted and proposed in other States of this Union along these lines; and we believe that the great American public, when thoroughly posted and educated up to the fact that a number of fires that occur daily are avoidable, will heartily endorse such rules and regulations, and see that they are maintained and enforced.

There is another side to insurance. It is that involving protection to the health and life of humanity, and it comes to us as a method of preventing loss of income in sickness and accident and in the other mishaps and vicissitudes of daily life.

Preventing losses in sickness and in accidents, and even in death itself, which was preventing results, not causes, naturally led to the prevention of those things that produced the results. So, in time, we find insurance directing its best efforts towards the prevention of sickness, towards the prevention of accidents, casualties and all the other events which may be insured against. We find the prevention of sickness, and oftentimes of death, provided for by medical instruction and expert medical service, and the prevention of accidents and casualties by the application of mechanical skill and the education of the social and industrial world. In a word, insurance "prevention" has come to mean teaching the world how to live better and safer.

It may be true that such prevention grew out of an effort to reduce costs, but at that the end obtained is to our social advantage. Like many other things beneficial to humanity, it is the end that counts, not the purpose or the means. Necessity may have brought the result, financial necessity or economic necessity, but that does not matter; the result is wholly beneficial, wholly to the public good.

Accident prevention has probably come closer home to the electrical industries than any of the other things which may be called the preventive results of insurance. It has pressed close upon these industries because they are extra-hazardous and produce a high quota of accidents and injuries. And having frequent accidents, the electrical industries have been quick to see the burden and cost of accidents, and having foresight, they have seen the thing from both the workman's point of view and the employer's point of view.

From the workman's side they have seen the suffering he has had to sustain, the loss of earnings he has had to bear, affecting his own well-being and the well-being of his family and depend-

ents, and affecting the community by creating delinquency and poverty.

From the employer's side they have learned the cost of medical expense and the cost of compensation and damages, also the cost of losing the service of experienced and trained workmen.

Now, the men in the electric industries are farsighted and have industrial vision. They work in a trade that is ever changing in a physical way, working changes and improvements that stimulate and require imagination. Moreover, the communities they serve, the great centers of population, are ever a seething mass of economic shifts and changes, calling for vision and foresight from those who would keep pace with them. These changes, mechanical, social and economic, in the nature of things, make for progress. They carry with them the men with whom they come in contact. Yet it is safe to say that in the one thing of accident prevention the electric industries have had to follow rather than lead. They have had to go beyond themselves; they have had to draw upon insurance, finding insurance first in practical prevention, first in devising and installing safeguards and first in studying and analyzing the causes of accidents.

It was insurance research, too, that seems to have first brought to mind the economic burdens of accidents and to have made us see that accident prevention is one of the great social duties; it was that research that made us see in industrial accidents one of the great causes of poverty. And if we have come to see that preventing accidents reduces dependency and delinquency and poverty and thereby makes for a better citizenship, it is because we have been educated up to that, because we have been brought into the light by others than ourselves.

OPENING ADDRESS OF THE SPECIAL CHAIRMAN

M. H. DEYOUNG

Proprietor and Publisher, San Francisco *Chronicle*; Vice-President, Panama-Pacific International Exposition

Mr. Chairman and Gentlemen: After listening to the remarks of your Permanent Chairman, if I could blush, I would. I thank him very much indeed for the compliments he has just paid me. In looking over this organization, as I sat here, I thought of how and where it was created, or the foundation of the business in which you are making your living. I looked back and saw just where it began. It was created in a public coffee-house.

Insurance started in a coffee-house on Tower Street, in London, run by a man named Lloyd, and there men interested in ships, ship owners and shipping men, met daily, and in the course of their conversation decided to insure among themselves the risks of

their business by dividing the responsibility. This went on for a year or two until this publican, this man Lloyd, decided that he would move down to Lombard Street, near the center of the commercial life, the financial life and shipping life in London, and in a larger place and see if he could not build up this business.

In this new location Lloyd gathered around him, as in his former public-house, the shipping men of the whole of London. He then issued a weekly newspaper, called *Lloyd's News*, the oldest paper, but one, in the history of England, and that paper is published to-day. It is called *Lloyd's List*. There in that saloon daily these men met and prepared means to mutually insure one another, until it became a feature of the business life of London. This was in 1692.

Queen Bess and her Ministry, when applied to, determined to legalize this body of men by legislation, and when Sir Nicholas Bacon appeared before Parliament he stated that "it is a wise merchant who is willing to give up a part of his own goods for the protection and assurance of the rest." He succeeded in passing through Parliament an act legalizing these men that met at Lloyd's. Their action and their so-called organization was called Lloyd's. Why, nobody knows. Perhaps because they met at Lloyd's.

After the passage of this act of Parliament they moved to the Royal Exchange, and as they grew and developed in the business, Parliament passed another act ordering the shipping men to furnish to Lloyd's agents throughout the world data, or information, of passing ships, their cargoes and such information, and so Lloyd's began to grow and develop. They are still in the Royal Exchange. It is run just the same as it was 100 or 200 years ago.

When I was in London I went to Lloyd's to see how they did things. They have three classes of members: The subscribing member that pays \$50 a year, who has the privilege of the headquarters of Lloyd's but has no vote and nothing to do with the management of this great organization. Then they have the underwriting members who run the organization. They are the members that pay \$500 per year for their membership.

The underwriting members are the men who take the risks of insurance. They are compelled to deposit with the organization the sum of \$25,000 minimum, or \$50,000 maximum, which money is held as long as the underwriting member has any risks unsettled. This deposit of the underwriting members is used as a guaranty for the payment of any losses for which they are responsible.

The firm of Lloyd's is not a corporation, and has no capital. It has an enormous capital from the underwriters who make these deposits, kept there to make good on their underwriting.

I went around that room and was astonished at the primitive manner in which they do business. They have a bulletin board all around the room, and they have a blank form, and anybody who wants insurance fills in that form, stating the name of the ship,

its owner, its class in Lloyd's, "A-1," "A-2" or whatever class it may be, and the amount of insurance they want. Now these underwriting members do not place their own insurance. They employ brokers and some of these brokers will have two or three clients.

These brokers make their way around the room, which is nearly as large as this. They pick up a slip, look it over, study it, take out a pen and write the name of one of their client in the amount the broker thinks his client desires to underwrite, say, "Brown, \$500 or \$2500," "John Smith, \$1000 or \$5000," and the writing in of that name makes those men responsible for that amount on that risk. These brokers are employed by the underwriters at a salary and percentage of the profits which an underwriter makes through the care and good judgment of their broker annually. And that is the way insurance was made in Lloyd's 100 years ago, that is the way they do it to-day. What was good enough for their grandfathers is good enough for them. In England they do not believe in changing things.

Then the exchange employs experts, who represent Lloyd's, to write the history of every ship, when it was built, how it was built, whether it is a good ship; then they rate them as "Lloyd's A-1," "A-2" and so on, and that rating of the representatives of the underwriters gives the broker the cue whether or not to cover the risk.

Of later years you read of Lloyd's covering other risks outside of their regular business. That is done the same way. They bet against the weather, bet against the war, and those that want to take that sort of risks have an opportunity of doing so.

So you see, Gentlemen, the foundation of your great business was started in a coffee-house on lines created in a coffee-house; and they have not been changed from that day to this.

It is a strange thing that another branch of your business emanated from the coffee-house—life insurance. It started right there. The nature of the shipping business 200 years ago created a great risk—the risk of the sea pirates, the Moorish pirates, the Turkish pirates and many others of this character.

Many owners of these cargoes would go to sea with them to attend to the selling of the cargo. They knew it was a great risk to travel, for they took the risk of losing their lives, or being held by the pirates for ransom. These men secured an undertaking guaranteeing to pay their ransom in case they were held by pirates. If they lost their lives the same amount was provided for the widow. So you see life insurance started from marine insurance.

Another important branch of your business—fire insurance—was started much on the same principle. It began in London when 200 or 1000 householders created an insurance fund and insured one another. They formed an organization in which each paid so much down and each agreed to pay as much more in case of fire.

So fire insurance started in the same way as marine and life insurance.

The first life insurance company was the Society for Widows and Orphans. They secured the privilege to be a corporation from Parliament, but people did not look with favor upon it.

Insurance—the word now covers nearly every kind of corporation, the growth, the development of it, like a mushroom, growing and growing and developing till now you could not half of you tell how many different kinds there are. We have marine insurance, life insurance, we have fire insurance, we have indemnity insurance, elevator insurance, steam boiler insurance, automobile and burglar insurance, and we have insurance for our rents! In fact, I do not know of all the insurance companies that have organized in this country, but I think if we could insure the honesty of our politicians that that would be a great insurance.

“Insurance” and “assurance” are two words used in that country, but “assurance” was the title that this coffee merchant’s customers gave when they insured a life. It was an “assurance,” not “insurance.” There are still great companies in England called “life assurance companies.”

Insurance has different kinds of risks, but the one that takes the great risk and meets with the greatest losses at one time is fire insurance. Life insurance, of course, has its many risks, as in the event of a great epidemic, brought on by any violent diseases; but fire insurance carries the most dangerous risk and has tested the financial corporations of this country as well as the world. We have had the test in this country. We have had our Boston fire, our Baltimore fire, our Chicago fire, and on top of them all with great pride we swell out and say San Francisco had the greatest fire of them all. We all like to boast, and we say we are proud that we had the greatest fire, and, Gentlemen, that fire demonstrated the financial standing of many insurance companies. There never was such a loss, which involved all the great corporations in that business, as the San Francisco fire. There never was such a result or burden as that brought about by the San Francisco fire.

The insurance companies met their great losses in San Francisco; the exceptions were few. These companies paid out \$220,000,000 in losses, and the great majority are still alive and still doing business. The loss did not wipe out any of our great American companies. When Chicago burned up, it burned up its insurance companies. They got frightened and went out of business. They paid 10 or 15 cents on the dollar. When San Francisco burned it did not burn up one of our San Francisco insurance companies. They paid their bills.

One company alone paid \$11,000,000. It settled all its losses, and there never was a disagreement between the company and the policyholders. There is not a policyholder that had business with them and met a loss that is not still a patron of that company.

We had one company which assessed its stockholders four times its capital. The stockholders met their own private losses as well as those of their company. They paid up the assessment, and every dollar of its losses has been paid in full.

There, I say, that is insurance; and we of San Francisco are proud of the insurance companies of the world. We had a few here that did not meet their losses, but they were not American companies. They were foreign companies.

You have heard during the last few days many able speakers upon the purposes of this congress; why the Panama-Pacific International Exposition has given such prominence to insurance; the broad service that insurance has performed; its constructive influence; the parts that the great National associations play in carrying out its service; and its broadening influence in social economy.

In fact, a great educational banquet has been served you, but to-day you get down to the real purpose for which you insurance men have come to San Francisco.

You have gradually educated one another and the public as to the great service which insurance is performing for society, and held forth alluring although none the less truthful statements as to the extent that this service can be broadened so as finally to envelop and uplift the entire society of the Nation and the world; but to-day, I take it, from a close study of your programme, you are going to discuss the real problems that brought you here.

You are evidently going to exploit some of your troubles, and doubtless ways to remedy them, and if I read your programme correctly (and I have studied it a great deal) the entire proceedings of the last four days have been, as the legal fraternity would say, the ground-work of your case. To-day you present the case, and if you present it as ably as the educational features of the days that have preceded this have been presented, you will no doubt solve many of the problems, and convince the public of your conclusions; for I take it that you gentlemen are here with a deep, earnest purpose, and that that purpose really reaches its climax in this day's proceedings.

The outcome of this meeting in San Francisco is the greatest in the history of insurance. We have here the unusual number of 115 National insurance organizations, among these organizations the Association of Life Insurance Presidents, representing thirty-one of the largest associations in the United States; the American Life Convention, representing one hundred smaller companies; the National Insurance Congress of America, representing nine million members in the United States; National Association of Mutual Assurance Companies, representing seven million members of farm mutual; the National Council of Insurance Federations, representing the insurance federations of twelve States taking in every branch of insurance business and policyholders.

The Panama-Pacific International Exposition is proud to have

been the means of fostering and bringing together this insurance gathering of the great financial interests of our country, engaged in insurance. The outcome of this, I understand, is to be a National Union, a body for the organization of insurance throughout this country, representing every form of insurance in this national organization called a National Union. The object of this union, as I understand it, is to foster and advertise and keep the people advised of insurance matters generally, and to keep the people posted about insurance companies and insurance risks and interests.

I thank you very much, Gentlemen, for listening to me, and on behalf of the Exposition I thank you for coming to San Francisco, and I hope you have enjoyed our Exposition. I will now proceed with the programme of the day.

THE RELATION OF FIRE INSURANCE TO THE EXPOSITION

BY WILLIAM SEXTON

Former General Adjuster, Fireman's Fund Insurance Company

Mr. Chairman, Ladies and Gentlemen: The broad grasp of the Chairman, Mr. De Young, on the subject of insurance is only equaled by his broad grasp of every subject that comes up in the community. He has a peculiar faculty of absorbing the best end of every proposition, and his exposition of insurance fills in a gap, and fills it better than I could have filled it—than I probably should have filled it. But I was called on Thursday at four o'clock to say something this morning, particularly on the relation of fire insurance to the Exposition, and was also told to write a paper not to exceed ten minutes, so I will not take up any more time in talking, and will commence the paper.

I am flattered by being permitted to lay before the greatest Insurance Congress known in the history of insurance the fact that, because of the \$185,000,000 paid by the fire insurance companies of the world for the earthquake fire losses, and the \$250,000,000 in policies as collateral security furnished by them for loans on buildings and in securing credits for materials and merchandise, San Francisco was enabled to arise "Phoenix-like from its ashes" and to excel any other city of its size with better buildings, with larger and finer mercantile establishments, with bigger banks, with greater per capita bank deposits, with larger newspapers, with better news service and with better fire protection and fire departments, and its last and its greatest achievement, the promotion of the Panama-Pacific International Exposition.

When the earthquake of April 18, 1906, quit quaking at 5.12 a.m., fires started in various parts of the city; the damage by the earthquake and the succeeding fire was reported by the sub-com-

mittee, Edwin Duryea, Jr., James W. Reid, Wm. Curlett, Virgil G. Bogue, Maj. C. M. McKinstry and Marsden Manson, as: "Water Main Breaks Over 300;" "All City Supply Mains Ruptured;" "2,932 Acres Burned Over;" "28,188 Buildings Burned;" "674 Lives Lost."

The burned area was double the combined area of the great London, Chicago, Boston and Baltimore fires.

At the end of three days' fire fighting with one night's rest, the men, the descendants of the men and the successors of the men who fought Indians on the desert plains, who poled dugout canoes, fought tropical diseases and poisonous reptiles on the Chagres and Nicaragua rivers, and who fought the snow-storms, mountain waves and wind gales of Cape Horn—

"Where sailors' eyes could see a shroud
Hung in the folds of every cloud—"

Men, spelled with a big "M," who knew no such word as fail, put their shoulders to the wheel and with the aid of their fire insurance built the magnificent San Francisco of to-day.

These big "M" men in April, 1910, planned the Panama-Pacific International Exposition, subscribed personally \$7,500,000, arranged for \$5,000,000 from the City of San Francisco, \$5,000,000 from the State of California and \$2,500,000 from the counties of California, starting the work with a fund of \$20,000,000.

This \$20,000,000, handled by a Board of Directors and officers selected on the merits of financial standing, business ability, wide range of experience, liberal ideas and unquestionable reliability, created the greatest, the broadest in scope, the most artistic in design and setting, the most elegant in architecture, the most economical in construction and the most convenient in operation of any World's Exposition, this beautiful, useful and lasting Auditorium for San Francisco.

The visitor to the Fair can see more and learn more of the people of the nations of the earth and more of the products of land and sea, farm and factory, for a ten-dollar season ticket, than in ten years' travel at an expense of \$25,000.

The Fair is a wonder; the men who planned it and carried out their plans are entitled to the highest praise and greatest credit, and we fire insurance men are proud to know that we were a remote but a very important factor in the foundation of the prosperity that made the Fair possible and that we are at this an absolutely necessary factor in its operating economy, by furnishing indemnity security against loss by fire on the enormous values of property subject to the congested frame building fire hazard.

This short talk gives you some idea of the relation of fire insurance to business. The great questions of taxation, supervision and other legalized burdens that all kinds of insurance are subject to, will be treated by the speakers who succeed me.

TAXATION OF INSURANCE COMPANIES FOR REVENUE

By F. ROBERTSON JONES

Secretary-Treasurer, Workmen's Compensation Publicity Bureau

The distinguished English economist, Professor W. S. Jevons, has remarked that a kind of intellectual vertigo attacks all who treat the fatal theme of money. The statement is no less true, I believe, when taxation is the subject under discussion. Legislators and State officials in particular and the public in general seem to lose their heads when this subject is up for practical consideration. Skilled politicians and hard-headed business men, who are accustomed to submit every important proposition to the acid test of common sense, will make the most egregious blunders and will seemingly throw to the winds their native logical endowments when they are called upon to provide an equitable method of securing revenues to meet the demands of the State. The subject, of course, is not a simple one, as is well illustrated by the divergence of opinion among economists themselves, even as regards its most elemental principles. The literature upon the subject is replete with evidence of this fact; and even the four maxims respecting taxation set forth by Adam Smith have been hacked at until scarcely a splinter remains intact, although they were very generally concurred in by economists immediately subsequent to Smith and were thought to have become classical. They have been quoted over and over again as if they contained truths of great moment; but, if carefully analyzed, they seem entirely inadequate to the economist of to-day.

Whatever may be the divergence of opinion among the authorities with respect to the principles that should underlie a system of taxation, there is little or no difference of opinion among the laity as to the undesirability of paying any taxes whatever. Aside from a general acceptance in the abstract of the necessity of levying taxes and the necessity of somebody paying them, we are all of us, as individuals or as managing officials of corporations, either consciously or unconsciously making every effort to bear as little of that burden as possible.

This paper, however, is not a plea for the total exemption of insurance companies from taxation; it is only just that the insurance companies should be taxed sufficiently to pay for the insurance departments of their respective States and thus relieve the State of an expense to which they subject it. They should not, however, be taxed in excess of this; for a tax on insurance, causing, as it does, an increase in the cost of insurance to the assured, and so lessening the amount of insurance purchased, is an anti-social tax. In states where the present tax is in excess of this minimum necessary to cover the expense of the insurance department, the

tax should, therefore, be reduced to such an amount. And furthermore, this amount should be raised by means of a general State tax—no recourse being had to the various local and special forms of taxation by which insurance companies are now harassed. This general tax should be, as far as practicable, uniform as between the various classes of insurance companies and the different States—where lack of such uniformity frequently causes the enactment of retaliatory laws.

Such a reduction in the amount of the tax on insurance companies could be easily obtained did the policyholders and legislators understand by whom this tax is really paid. I find, however, that there is a very general misconception on the part of the legislators and citizens of the various States as to who, ultimately, bears the burdens of the taxes upon insurance companies. They almost uniformly argue that the money is taken not from the people of their State, but, for the most part, from insurance corporations of other States; that the Texas tax, for instance, is drawn largely from companies chartered in New York, Connecticut, Massachusetts, Maryland or Illinois; and that consequently the people of Texas are just to that extent relieved from the burden of taxation. Nothing could be farther from the truth or more illogical than such a statement. An insurance company, in whatever State chartered, of its very nature is only a "handler" of the premiums that it collects from policyholders. It does not create values in the same sense that a shoe factory does. It merely collects premiums from the many to pay a large percentage of them out again to the few who are unfortunate enough to meet with accidents. Stated differently, the insurance company is nothing more than a clearing-house as between the many who purchase insurance to protect themselves against future catastrophes and the few of their number who actually meet with such catastrophes—the only percentage of such purchase money (premiums) retained by the insurance company is that necessary to ensure a fair return to invested capital and to pay the costs of the business.

Those who argue thus illogically (that taxes collected from insurance companies foreign to their State do not come out of their own people) lose sight of a very important fact. A going concern must load every item of additional expense upon the costs to the policyholder—otherwise it would either show no adequate return to capital invested or would "go broke" in short order; for free and spirited competition between insurance companies has already reduced the costs of the business as low as possible, so that no saving can be effected in them towards paying the tax. If a tax is imposed upon the companies, there is nothing for them to do but to load the amount of the tax upon the premiums charged to the policyholder. And only to the extent that this increase in the cost of premiums prevents the as yet uninsured from becoming insured, or the already insured from purchasing additional insurance, does the tax affect the insurance company. If the assured

pays one hundred dollars (\$100.00) annually for a personal accident insurance policy—the cost of which, if there were no tax, would be ninety-three dollars (\$93.00)—his power to purchase more insurance is lessened by exactly the amount of the tax. When Ohio collected from insurance companies in 1912 a million and a third dollars in taxes, the companies were compelled to load just that additional amount upon their premiums; and, by doing so, lessened the annual power of the policyholders of Ohio to purchase additional insurance of a million and a third dollars. It is in this way that the tax affects the insurance companies; it lessens the amount of insurance purchased.

The real incidence of the tax upon insurance companies is thus thrust upon the policyholder in increased premiums; or else, in case competition for the time being interferes with the smooth working of economic laws, the financially weaker companies are driven to a point below the margin of financial safety. This leads me to make the statement, somewhat parenthetically, that it is never to the interest of the public in general or the policyholder that insurance companies should be induced to charge very low premiums or insurance rates; it is rather very much indeed to their interests that the companies should be compelled to charge adequate insurance rates—and by “adequate” I mean rates that will insure their financial solvency. The public, instead of urging legislation compelling a reduction in insurance rates irrespective of considerations of safety, should on the contrary urge their legislators to enact laws compelling insurance companies to charge *adequate* rates. For, in the last analysis, insurance is nothing more or less than a special manifestation of the ordinary principle of banking. We have fairly good laws controlling the conduct of banks—the whole object of such laws being to conserve the financial responsibility of such banks in the interests of the depositors and of the public. What should we think of a law requiring banks to charge no more than three per cent interest when five or six per cent is the measure of the money market conditions in a particular locality? Or of a law permitting banks to lend out all of their money and prohibiting them from establishing adequate reserves?

That the policyholder, in the last analysis, must indisputably pay the insurance tax is a fact recognized by the insurance officials of most of the States. They have declared themselves to that effect upon numerous occasions and in numerous reports. A great deal of credit, too, is due them for their courage in thus expressing frankly their convictions; for they realize better than any one else the danger of advocating an unpopular cause and of running counter to what many State officials and legislators believe to be the best interests of their State. Many of the insurance commissioners are appointed by the governor, some are elected, and all are more or less subject to popular clamor as to the length of their tenure of office. Therefore, it is a real act of courage for them

to put themselves on record in the unqualified manner in which they have done so; for they have nothing immediate to gain by such advocacy, and in some cases much to lose.

In the thirty-eighth annual report of the Michigan Insurance Department, that exponent of a "square deal" for everybody, James V. Barry, then Commissioner, wrote as follows:

"It will be seen, therefore, that during the last fiscal year Michigan collected from the insurance companies authorized to transact business in this state, \$464,871.02 in excess of the total cost of conducting the insurance department of the State. The aggregate of fees and taxes annually paid by the insurance companies to the various States of the Union is, in round numbers, \$12,000,000.00 (approximately \$20,000,000.00 in 1914) while the cost of maintaining the several insurance departments is but \$2,000,000.00. Inasmuch as all this vast sum is paid by policyholders in the shape of increased rates, the justness and expediency of the tax is a matter worthy of serious consideration."

Commissioner James R. Young of North Carolina expresses himself very much in the same way in his report on 1912 business. I quote a paragraph as follows:

"As has been stated frequently by the Insurance Commissioner in his reports and recommendations, he has not undertaken to run the department for revenue. The Commissioner and those who have had occasion to look into the matter are satisfied that more good is accomplished for the state and her citizens by a proper supervision of the business than by the collection of taxes."

An additional reference will, I believe, suffice to show the attitude of insurance commissioners—I refer to the Thirty-third annual report (business of 1914) of Hon. D. M. Rolph of Colorado:

"The fees and taxes collected by this department are fifteen times more than the cost of its operation. Inasmuch as the two per cent tax on premiums paid for insurance protection is a tax upon the insuring public, and is expended for purposes other than the supervision of insurance companies, it is an injustice to the citizens of Colorado and I recommend that it be reduced to one per cent. This suggestion is in conformity with a uniform movement throughout the United States to equalize the taxes of insurance companies for the various States. One per cent with the other fees would still leave an income that would provide for all operating expenses of the department and for any unforeseen contingencies that might arise."

Thus, with few exceptions, the commissioners criticize the tax on the ground that it is paid by the policyholder—as one might put it, by the *consumer* of the insurance. "But why not?" asks the student of economics. "So the tax on any commodity—cigars or

liquor or whatever it may be—is paid by the consumer of that commodity. Why is this so undesirable in the case of the tax on insurance?” Precisely because this tax, being paid by the policyholder, is a tax on two of the greatest of social virtues—thrift and providence for the want attendant upon calamity. “Human misfortune and sorrow,” said E. E. Rittenhouse when Colorado Commissioner of Insurance, “are made to pay tribute to the State treasury. It is true that the tax-gatherer is not at the bedside of the sick or injured, or of the dying, demanding for the State its calamity tax. It is collected in advance from the premiums. Why should the State tax this man (the insured) for his most worthy and commendable act in guarding his family from misery and want after he has passed away? If this is a fair and honorable thing to do, would it not also be fair and honorable to demand a portion of the contents of the contribution boxes at our churches, for these offerings are often also collected for the benefit of the sick and injured in the hospitals, and for the widows and the orphans, as well as for other benevolent purposes.”

Thomas E. Drake, formerly Superintendent of the Insurance Department of the District of Columbia, likened the tax on insurance companies to a tax on schools and churches.

“Health and accident insurance,” writes the Minnesota Commissioner (Report for 1912), “is the poor man’s insurance. It has well been termed bread and butter insurance.”

The Missouri Commissioner says in his 1909 report:

“Life insurance is an indispensable incident to modern civilization. It is an equalizer of good fortune and of misfortune; an incentive to thrift, and performs, in a large measure, functions which otherwise would fall upon the State.”

And it is as a tax on thrift that Robert J. Merrill, Insurance Commissioner of New Hampshire, criticizes the tax on insurance. His recent report shows such an insight into the practical side of the problem that I cannot refrain from quoting a paragraph or two, as follows:

“This department has turned into the State treasury during the fiscal year upwards of one hundred thousand dollars. The Legislature appropriated for its maintenance \$6,800—a clear profit of more than \$94,000. This statement is not made for the purpose of asking that any particular credit be given on account of this showing. The revenue was collected because the law provided it should be. There is no reason why the State should exact these large sums each year, exacted not from the insurance companies, *but really from the citizens of our own state, who are thrifty enough to insure their future independence* in some degree. But there seems to be little reason for expecting any change in this particular as long as taxation continues to be based upon the idea of securing as much as possible from convenient and defenseless

reservoirs of funds, the tapping of which does not apparently interest the man with the vote."

Commenting upon Mr. Merrill's statement, an insurance company paper (*Travelers*) uses the following apt illustration:

"If village neighbors collected \$1,000 for a destitute widow and her orphans and were met at her house by a tax-gatherer demanding \$70 he would probably be mobbed. Yet this is what our States take from every \$1,000 paid to the widows—and all because agents and policyholders stand by and assent to its being done, and some policyholders even censure the officers for endeavoring to prevent increased taxation and then demand cheaper insurance."

I am very glad to say, too, that the principle advocated by Mr. Barry has been fortified and amplified by one of his successors, John T. Winship, who in the forty-fifth Michigan report (business of 1914) expresses himself unequivocally as follows:

"The gross receipts of the state insurance department for the last year amounted to \$737,973.42, the greatest in the history of the insurance department. . . .

"This would not be so bad were it drawn uniformly from all citizens, but it is only drawn from the provident, those who realize the necessity of insurance. From an economic standpoint, it must be admitted that the taxation of insurance premiums is a tax upon thrift and prudence. So long as the department can be supported by the retaliatory fees exacted from insurance companies there seems to be little practical sense in exacting the enormous taxation on premium income from the companies, when it is positively known that in making the premium rates they add the taxation cost, and our own people pay it. If insurance were a luxury there might be an argument in favor of this peculiar method of doing business, but it is not a luxury; it is a necessity. Life insurance relieves the drain upon the poor funds of the various municipalities and counties and upon the charitable institutions of the State, and as for fire insurance its abandonment would stop the wheels of commerce."

The same may be said, with practically an equal amount of truth, of the various classes of casualty insurance. As a matter of fact, the National Convention of Insurance Commissioners, an organization of the insurance commissioners of all the States, has from time to time declared against excessive taxation of insurance companies in the most emphatic terms.

This attitude of the commissioners is well fortified by the best economic thought upon the subject. The noted English economist, John Stuart Mill, in his "Principles of Political Economy" (Vol. 11, page 463), condemns the tax upon insurance as follows:

"Some of the taxes on contracts are very pernicious, imposing a virtual penalty upon transactions which ought to be the policy

of the legislator to encourage. Of this sort is . . . the tax on insurance (which is) a direct discouragement of prudence and forethought. . . . If this tax (i.e., a heavy fire insurance tax) existed in France, we should not see, as we do in some of her provinces, the plate of an insurance company on almost every cottage or hovel. . . . A tax of so extravagant an amount would be a heavy drag upon any habits of providence."

The economist, McCullough, accepts this view of Mill, when he states that such a tax "discourages that providence and forethought, encouragement of which ought to be an object with all prudent governments;" and "Seeing the vast importance of insurance, it may well be doubted whether it ought to be charged with any duty, however slight."

In condemning taxation of insurance on the grounds of its being a "tax on thrift," I do not mean a tax on money saved as a result of thrift. All taxes are, in this sense, taxes on thrift; for they must be drawn from the surplus of wealth over and above that required to sustain a minimum of existence—a surplus which is created by thrift. You cannot collect taxes from the man who has nothing, or who has only just enough to sustain life, unless you return it to him in the form of charity. In condemning the taxation of insurance as taxation of thrift, we mean of the very act and process of thrift, by which the assured provides against future want attendant upon catastrophe—whether death, injury, sickness, or the destruction or loss of property by fire or other accidental cause. As such, the taxation of insurance is in the highest degree anti-social.

It is therefore desirable to reduce this taxation to the lowest practical amount—that is, to the point where it just covers the expense of the State insurance department. To what extent taxation is now in excess of this amount may be seen by a cursory examination of the reports of the State departments.

The fees and taxes collected by the Colorado and New Hampshire insurance departments during 1914, for instance, were more than fifteen times the cost of their operation; while in Missouri, in 1909, they were about twenty-three and a half times. In comparison with Georgia, Iowa and Ohio, however, those figures sink into insignificance, for, during 1912, nearly fifty times as much was taken by Georgia from the insurance companies in taxes as was needed for the expenses of the department; while in Ohio and Iowa (1914) it was nearly forty and fifty times as much respectively. There are a number of other States that have, from year to year, averaged anywhere from twenty to twenty-five times the amount.

The gross receipts from the tax in many States reach a high figure. In 1912, Ohio collected from insurance companies over a million and a third dollars; Iowa, in 1914, over half a million dollars; Wisconsin, in 1911, over three-quarters of a million dol-

lars; Michigan, in 1913, over three-fifths of a million dollars; while the relatively small industrial States of North Carolina and Oklahoma collected approximately one-quarter of a million dollars each on 1912 business, and Tennessee and Maryland, over four hundred thousand dollars and three hundred thousand dollars respectively. These various State insurance taxes, taken together with fees, etc., run in the aggregate all the way up to seven per cent or more of the gross premium income of some classes of insurance companies.

Not merely in quantity, however, but in kind, the present taxation of insurance is objectionable. In addition to the State percentage tax upon gross premiums (minus, usually, reinsurance premiums and returned premiums on cancelled policies)—averaging approximately two per cent—there are collected numerous fees, etc., by the State and local governments. These, I find, include approximately twenty-six separate kinds. An insurance company never files a scrap of paper, secures a statement of any kind, nor exercises any of its legitimate prerogatives without having to pay a fee or license of some kind. In some local instances such payments aggregate more than the company's receipts. In addition to the premium tax, fees, licenses, etc., the companies have to pay in some States franchise taxes, fire marshal taxes, and make special deposits of cash or securities. The report of the Virginia Joint Committee on Tax Revision has a paragraph upon this subject as follows:

“At present the revenue derived by the Government from those engaged in the business of insurance is made up of a multitude of different fees, charges and taxes. Every insurance company must pay the charter fees, franchise and registration charges required of all corporations; it pays a license tax of \$200.00 to the state; it pays another tax for the support of the Bureau of Insurance, and a \$5.00 annual fee for a license certificate; it makes a small payment for the care of the securities which it is required by law to deposit with the Treasurer; it pays on its real estate and tangible property; it pays a State tax levied on premium income; it must make to each municipality for the privilege of transacting business a license payment which varies from place to place in form and amount but which is usually levied without regard to the amount of business done; and, in addition to all this, a company chartered by Virginia must pay under a statute that is obscurely worded and difficult of construction, a tax on its capital to the State and to the locality where it has its home office.”

At this point, I cannot avoid the temptation to indulge in a digression from the strict limits of the subject of this paper to condemn what I consider to be possibly the most objectionable of all charges upon the income of insurance companies—one that brings no revenue to the State and confers no advantage on the insuring public—I refer to that type of “graft” that has been fastened

upon insurance companies in many States, namely, the compulsory advertising of abstracts of annual financial statements in newspapers of various cities and counties.

More than half our States require such publication; and the requirement is obviously a flagrant case of the exercise of political influence by the newspapers. These requirements range all the way from that of Delaware, where the State pays the cost, to that of Maryland, where such abstract must be published not only once a week for three consecutive weeks in a daily newspaper published in the city of Baltimore, but likewise in at least one other newspaper three times, and also in a newspaper in each of the counties of the State where the company in question transacted business during the preceding year. This species of imposition goes far to illustrate the fact that insurance companies are by some legislators considered easy and legitimate prey. They have the ready money and they are not in a position to avoid the hungry wolves. The imposition of such burdens as this, not to speak of the large and increasing State taxes, is not consistent with the criticism, on the part of some legislators, of the premium rates charged by insurance companies and the passing by these legislators of drastic and unreasonable laws ostensibly to regulate those rates but in fact to push them down below the margin of financial safety. Our legislators demand that insurance companies charge less and less for their policies, but nevertheless proceed to enact laws placing not only additional tax burdens upon them, but likewise unwarranted costs such as the compulsory publication of abstracts of financial statements—all of which burdens, of course, must be reflected ultimately in the additional cost of insurance to the policyholders.

There is, however, a very well-defined sentiment among the insurance commissioners of the various States to the effect that this requirement of the publication of abstracts of financial statements, besides raising the cost of insurance, it is absolutely useless. As representative of this intelligent and fair-minded attitude of the insurance commissioners, permit me to quote from the thirty-third annual report of Hon. D. M. Rolph, Commissioner of Insurance of Colorado, as follows:

“The laws of this State require every insurance company doing business herein to publish in a newspaper of general circulation annually a synopsis of its financial condition and a copy of its certificate of authority from the Commissioner of Insurance. The Commissioner is of the opinion that this publication is of little value to the citizens of this state; is an additional expense to the companies, and is ultimately paid by Colorado policyholders. This law should be repealed. This recommendation is in accordance with the uniform movement throughout the United States to repeal similar laws.”

I could quote similar expressions of opinion by insurance commissioners; but I think the one quoted above is sufficient to illus-

trate the point. It is an imposition almost of the nature of a nuisance and should be abated by all right-minded citizens and legislators at the earliest possible date.

The argument advanced by those who believe that insurance companies should be subjected to this expense (if, perchance, they advance any at all), is that the public in general and policyholders in particular of the State in question will be enabled by this abstract of financial statements to determine for themselves not only the individual financial condition of the companies publishing it but likewise their relative financial condition. That argument is grounded on three false assumptions, namely, that the public will read the statements; and, reading it, will understand it; and, understanding it, will make logical deductions. The public, in general, will not do any one of these three things; they will not read the statement; they would not understand it if they did read it; and they would, as a rule, not arrive at accurate conclusions as to the relative financial merits of various companies even though they grasped the significance of the individual statements; for the abstracts published are so brief and the subject-matter so technical that it would probably take a trained actuary to arrive at right conclusions.

Even though we granted, for the sake of argument, the ability of the general public to arrive at right conclusions from the publication of abstracts of financial statements, yet, under the present-day system of close supervision of insurance companies by State departments of insurance, such publication is unnecessary and hence wasteful; the Insurance Commissioner is the one to whom the public should look for guidance in matters of this kind. He has the facts and, usually, trained actuaries to interpret these facts. Furthermore, he has the power to issue and revoke the licenses of insurance companies of other States doing business in his State. Consequently this required publication of abstracts of financial statements serves no purpose whatsoever: except that of harassing the insurance companies, already subject, as we have seen, to the vexation of a score of petty forms of taxation in addition to the general State tax.

That this tax burden is increasing from year to year will not admit of contradiction—the annual reports of the commissioners demonstrate this fact clearly. Not only does the gross amount collected increase (which is the natural outcome of a normal increase in the volume of insurance written) but either the percentage of the tax itself increases or the number of kinds of tax—and in some cases both. An analysis of the bills introduced in the various legislatures of the country during the past few years will demonstrate this fact.

Robert Lynn Cox, Manager of the Association of Life Insurance Presidents, in his report for 1915, says:

"The increase in measures for the taxation of life insurance companies is distinctly alarming. It is very evident that this situation causes public unrest among the various States dealing with the subject of taxation. The increased cost of conducting State governments must be provided for in some way, and the tendency is towards securing the additional revenue needed by taxing life insurance companies."

He might have said "All kinds of insurance companies."

Mr. Cox also points out that, while in a similar period two years ago the tax bills introduced numbered only 302, the first five months of 1915 produced 734 measures of this character. Although not all of these bills became laws, yet a respectable percentage of them did.

The reasons for this increase in taxation of insurance companies are manifold; but perhaps among the most important of them are the well-pronounced movement toward prohibition of the sale of liquor resulting in the loss of revenue from that source; the growing budgets of the various States; and the more general appreciation of the legislators of the golden opportunities afforded them of getting easy and ready money from insurance companies. The elimination of the liquor traffic has brought about a real and pressing deficit in the revenues of a number of our states; and their legislators, compelled to look around for new or augmentable sources of revenue to fill the state's depleted money-chest, naturally tap those reservoirs which experience has shown produce the largest supply and furnish the least resistance, *viz.*, the insurance corporations.

A good illustration of this fact may be found in the attitude of the Virginia Joint Committee on Tax Revision (to which reference has already been made) which, during the past year, has been giving considerable attention to a general reconstruction of the tax system of that State. The members of this committee, at public hearings, tentatively and unofficially expressed the opinion that they thought insurance companies were taxed too heavily; and that not only should the general tax be reduced but the local taxes eliminated altogether. This view, however, was immediately qualified in the statement that neither proposition would receive favorable consideration by the legislature, for a fertile source of State revenue would be eliminated when the prohibition law went into effect and the deficiency would have to be made up in "some way." An increase in the tax upon realty or upon local manufacturing industries would not only bring about violent resistance on the part of those affected, but would likewise bring about political retaliation. They thought, too, that the local State administrative divisions would be loath to give up their fertile source of revenue from the insurance companies; in other words, that the "dog had the bone in his mouth and that he would not give it up except under extreme compulsion."

Consequently, aside from an equalization of the tax as between different kinds of insurance companies, about the only alleviation recommended by the Virginia Committee in its report of 1914 was "that the municipal license charges be abolished and that these and other payments be consolidated into one tax levied on the gross income from premiums collected in Virginia."

Both of these measures, the abolition of the various local and special taxes (excepting those on realty) in favor of one general State percentage tax upon net premiums, or better, upon profits, and the equalization of the tax as between different kinds of insurance companies, should be adopted throughout the country. Equally desirable is the establishment of uniformity of taxation in the different States—the lack of which gives rise to objectionable retaliatory laws. But of prime importance to the general public as well as to the policyholder and the insurance company, is the reduction of the tax to the point where it will just cover the cost of the State department.

How is this most urgent legislation to be brought about? Will the general public bestir itself? Not till it is educated as to the true anti-social nature of the tax. Will the policyholder grapple with the problem? Not until his eyes are opened to the fact that this tax is paid by him. Is it then the insurance companies which should take the matter up with the legislature? Any agitation on their part would be discounted as the natural outcry of the victims of the tax.

The course which I urge as the most practicable and effective is the following: Let the insurance companies undertake to educate the public to the fact that the tax on insurance is a thoroughly anti-social tax; and the policyholder, to the fact that the tax is taken out of his own pocket. Then the companies may cease from their labors; they will have made their cause the cause of the public in general, and, more particularly, of the policyholder. The public and the policyholder will do the rest.

The first step in this campaign will be for all insurance companies of whatever class to combine in an educational alliance for this specific purpose. In so far as the tax problem is concerned, the interests of life, fire, marine, casualty and surety insurance companies, if not entirely identical, are so nearly identical that they can coöperate harmoniously.

I would suggest a small general committee composed of representatives from each of the five classes of business mentioned above, to which shall be entrusted the duty of planning the ways and means by which an educational campaign can be best conducted. The machinery already exists for selecting these representatives—each class of insurance having its legislative or underwriting bureaus. Such an alliance and such a committee, having nothing to do with the matter of rates, could not, by any stretch of the imagination, be considered as coming even under the edge of the most stringent of the anti-monopolistic State laws; and the rais-

ing of funds for such a campaign would be a matter of pro rata contribution according to premium writing.

This educational committee should possess itself of every right avenue of gaining the attention of policyholders, and the general public, some of which avenues I take the liberty of suggesting as follows:

1. Conventions—at which prominent men representing all phases of political and economic life shall be invited to speak.

2. Literature—publication and wide distribution of addresses made at these conventions and also of statistics and graphic arguments.

3. Pink slip—a notice attached to every policy contract stating just what part of the premium is represented by the taxes paid to the State and local divisions thereof; and just how much cheaper the premium would be if these taxes were removed.

4. Agents—utilization of that vast army of capable, industrious and influential representatives of the insurance company, every one of whom is a voter and many of whom are either prominent in their localities or on friendly terms with those who are prominent.

5. Social workers—their assistance could easily be obtained inasmuch as, urging universal insurance as one of the preventatives of pauperism, they already regard any anti-insurance measure as anti-social.

Such an educational alliance, with such ways and means, cannot be formed too promptly for the liberation of the insurance company, the policyholder and the general public from the toils of a tax so excessive, so ill-adjusted and so anti-social.

The way to resume specie payment was to resume: the way to begin our educational campaign is to begin.

STATE SUPERVISION

BY T. W. BLACKBURN

Secretary and Counsel, American Life Convention

Mr. Chairman, Ladies and Gentlemen: It is a distinct pleasure to me to be introduced to this audience by my old newspaper contemporary, Mr. De Young. He looks up in some surprise, because he has evidently forgotten that in 1889 I was editor of the *Los Angeles Tribune* in the City of Los Angeles, a city of no mean proportions now, but at that time only about fifty thousand.

I come to you expressing my own views on the subject of State Supervision. My paper has not been reviewed by the Executive Committee of the American Life Convention, nor passed upon by its membership, so I don't speak the views of the Convention except where I so state in my paper.

The Supreme Court of the United States, having definitely and

finally determined that insurance is not commerce and therefore not subject to control by Congress, State supervision is a fixed, irrevocable fact.

While there is more or less discussion of the desirability of National supervision, and there are pending before Congress two bills, one in each House, proposing an amendment to the Constitution declaring insurance commerce, the prospect of the adoption of such an amendment is so dim that it is scarcely worthy of consideration.

A mere academic discussion of the relative merits of National and State supervision cannot in any wise change the existing condition. National supervision, in my opinion, would be undesirable, if practicable or possible. Being neither possible nor desirable we should accept State supervision, and instead of attempting to get rid of it we should do what we can to make it more serviceable.

State supervision being, therefore, a concrete, ever-present, continuous condition, under which insurance companies must transact their business, I will attempt to consider it from the standpoint of life insurance.

Very naturally the topic resolves itself into two divisions, (1) supervision as it is and (2) supervision as it should be.

STATE SUPERVISION AS IT IS

The first State in the American Union to establish a department of insurance was the State of Massachusetts, which in the year 1852 reposed in a public official supervisory power over insurance companies.

We have, therefore, an experience with State supervision extending over a period of sixty-three years. All the States of the American Union, the territories and insular possessions, as well as the District of Columbia, have provisions of law for licensing insurance companies to do business within their several subdivisions. Some of the States relegate the power of supervision to a board of insurance commissioners. Others limit the powers to a single superintendent or commissioner. All the States supervise at least to the extent of determining under their laws or the regulations of the insurance department whether or not a non-resident company may be permitted to transact business within the state.

Generally speaking the insurance commissioner or board of insurance commissioners, as the case may be, has authority to make examinations of domestic and foreign companies, to license insurance companies and for cause to revoke such licenses, to approve and disapprove policy forms and more recently to supervise the organization of new insurance companies.

From a report made to the American Life Convention by its Committee on Departmental Supervision, of which Mr. Charles F. Coffin, the able Vice President of the State Life Insurance Company of Indiana, was Chairman, I find that forty-four States

authorize the insurance commissioner to examine foreign companies doing business in their several States whenever they wish and as often as they please. Twenty-three States require the insurance departments to examine all companies periodically, once in from three to five years. Eighteen States authorize the examination of insurance companies at the request of from five to ten persons having certain financial interests therein. Forty-seven States confer general powers on insurance commissioners to revoke licenses. In twenty-one States the commissioners of insurance are authorized by law to approve policy forms and to refuse authority to issue any policy forms which in the opinion of the commissioners do not comply with the law. Within the past five years several States have enlarged the powers of their several commissioners and specifically authorize the commissioner to make rules and regulations governing the conduct of agents and giving discretion to the commissioner to grant or refuse individual licenses to agents as in his opinion may seem just and proper. Many of the States grant to the commissioner the absolute authority, without appeal, to revoke the license of any agent or the license of any company for an offense which in the opinion of the supervising official warrants such drastic action.

In very few of the States is there any provision of law which will enable companies refused admission to compel the insurance commissioner by mandamus to issue a license. The courts in several of the States have gone very far in holding that the acts of an insurance commissioner are discretionary and when he has acted, the court has no authority to review or revise his proceedings.

Notwithstanding the unlimited powers thus vested in the commissioners of insurance of the United States, in general it is to the credit of State supervision that in comparatively few instances are these arbitrary powers exercised by the commissioners unreasonably or in such manner as to work unnecessary hardship to any company.

Companies suffer under the diversity of revenue laws and the the statutory fees are in many States altogether too high. The States, however, are not much more exacting than the National government would certainly become if the taxing power were taken from the State and were lodged with Congress.

The most exasperating feature of State supervision is the exercise of authority to make examinations at will. In days fortunately long passed, it was customary for a newly appointed commissioner of insurance to proceed forthwith to make examinations to suit his whims. In some cases it was openly avowed and practically understood that the commissioner was appointed through political influences with the express intention that he should have the perquisites of the office, which perquisites consisted mainly of the fees for examinations. It is not many years since a commissioner made a trip from coast to coast examining every company on his route and charging each of the companies with mileage and

per diem whether an actual examination was made by the commissioner or his assistant or not. He has long since retired to private life.

Very recently, a commissioner of one of the States engaged a well-known actuary residing on the opposite side of the continent to make examinations of domestic companies within his own jurisdiction. That eminent actuary carried with him two assistants. The unfortunate company which was being supervised was taxed \$50 per day and expenses for the imported actuary and \$15 a day and expenses for each of his two assistants, a charge exceeding \$100 per day for a period ranging from ten days to thirty-six days. Under the laws of the State therein mentioned the commissioner collects the estimated cost of examinations in advance. He demanded \$1,500 per company under this law and collected same.

It is fair to the commissioners of America to say at this point that it is no part of their purpose or plan that a proceeding of this sort shall occur. An inexperienced commissioner, a wide-awake actuary and a desire to shine in the spotlight was the combination which succeeded in developing this almost scandalous situation.

Several years ago the commissioners appointed a Committee on Examinations, placing at the head of it one of the oldest commissioners in the service, and since the appointment of his committee very little complaint has been heard from the companies as to unnecessary, unreasonable and exorbitant examination charges. I recall but two instances in recent years.

Another annoying feature of the system of State supervision, as now in force, grows out of the authority quite recently given to commissioners to determine whether or not the forms of policies prepared by companies may or may not be written within the jurisdiction of a given insurance commissioner. I am of the opinion that the forms of policies should be supervised by the State officials, and that certain forms of policies devised by companies in the United States are properly the subject of criticism, but the law generally gives to the commissioner absolute authority, without appeal from his decision, to determine whether or not a form of policy may or may not be used in the State.

It is a far cry from the crude methods prevailing at the time the great older companies of the United States were organized to the present refinements of supervision provided for by the laws of the several States. It is to the credit of the life insurance companies of the United States that they builded wisely, safely and honestly before the doctrine of direct, arbitrary and scientific supervision became the policy of the land.

This leads me to say that State supervision is successful, not because of the wide discretion committed to the supervisors, but because the managements of life insurance companies of this country have coöperated with the supervising officials to place life in-

insurance upon the highest plane of fair dealing, high-minded service and honest treatment of policyholders.

Most of the wise laws enacted for the betterment of life insurance originated in the offices of the companies. Life insurance is transacted continuously under the searchlight of a relentless publicity. Supervision has no terrors to the companies, save as to the expense and annoyance of frequent examinations.

To the insurance commissioners of the United States the most tremendous financial interests of America have been committed. Under State supervision these institutions have grown great in their power for good. To their credit and to the credit of the commissioners it may be said that few are the instances of misconduct in the life insurance field, whether on the part of the company managements or the insurance commissioners.

Without any law providing for it, but by common consent, the insurance commissioners of the United States have agreed upon and put into effect a uniform blank under the terms of which all companies make their reports to all commissioners covering the same items. As a result the methods of calculating reserves, assets, liabilities, credits and charges have become practically uniform throughout the country.

Under the handicap of the great lack of uniformity in our State insurance laws, under the handicap of politicians controlling the appointments and filling the offices of the insurance departments, and under the handicap of unwise and crude legislation in the several States, the supervisors of insurance, appointed or elected in the several States, have made the system of State supervision generally wholesome, efficient and helpful to all interested.

WHAT SHOULD STATE SUPERVISION BE?

The uniform blank is a forerunner of uniform departmental regulation. It would be safe for the States, within certain limitations, to give to the supervising officials the right and power to establish and enforce general regulations governing life insurance companies. If this power were conceded to the commissioners of all the States, they themselves would unite and revise and adopt regulations fair to the people, fair to the companies, fair to the agents and fair to all concerned. Absolutely uniform departmental rulings are impossible with conflicting laws, but there are many regulations which could be adopted by all departments.

Great advancement has been made in the matter of uniformity of laws. Sometimes we feel that uniform laws in forty-eight States, governing and affecting life insurance, or any other form of indemnity, is an iridescent dream. Nevertheless, within the past ten years the provisions for valuation, for annual reports to the departments, for service of process against non-resident companies on the commissioner, for many standard policy provisions, prohibiting other provisions, and prohibiting political contribu-

tons have become more or less common to all the states of the Union. Likewise, slowly but surely, regulations prohibiting misrepresentation, twisting and rebating, are finding their way into the statutes.

I am not favorable to general codes of insurance and yet more than a dozen States have adopted codes, largely similar as to essential details. I would provide separate codes for the several distinct forms of insurance and regard it as essential that life insurance shall be governed by laws drawn especially for the control of this form of indemnity. I favor separate codes for life insurance because there is no other form of commercial contract analogous to the life insurance contract. It is in a class by itself. Legislation should be conceived, formulated and enforced, so far as life insurance is concerned, from a life insurance standpoint. Regulations which properly apply to fire, accident, casualty and other lines of insurance are wholly out of place when applied to life insurance. For example, life insurance salesmen should not be limited in their territory except by contract with the company employing them. A life insurance salesman can perform his service for his company and for his patrons quite as well in one city, county or community as another. This is not true of fire insurance agents, or of agents of companies engaged in other lines of business where the agent himself executed and delivers the insurance contracts.

In several States all agents are required to be residents, a provision of law that does no good to anybody and hampers the efficiency of the field force of a life insurance company. It should be amended to except life insurance agents.

I mention this as one of the many provisions which will naturally find their way into a general code but which would not be considered in a separate and distinct code governing life insurance itself.

Life insurance companies have not sought to initiate legislation during the past few years. The tendency of the times has been unfavorable to fair consideration of proper legislation. The life insurance companies have therefore stood ready to approve good measures proposed and to oppose unwise statutory regulations. Nevertheless all life insurance organizations are favorable to uniform laws. The American Life Convention, of which I have the honor to be Secretary and Counsel, and the Association of Life Insurance Presidents, within the last two years, by coöperating and interchanging views, have prepared and adopted a system of standard code provisions relating to the business of life insurance. This code could well be adopted by all the States in the American Union. It is fair, complete and safe. It has taken from the statutes of many of the States laws now on the statute books. It has proposed complete revision of comparatively few of the provisions now very generally included in the insurance codes of the several States. It covers the entire field and its provisions have been

drawn with an eye single to the best interests of the business itself, which invariably means the best interests of the policyholders.

It must be understood that life insurance, as a whole, is a great organization of coöperation among the policyholders of all the companies. It is not a selfish, commercial enterprise in which the profits of the individual organizations are the paramount subject for consideration. Life insurance succeeds solely because it is a business where each contributes to the good of all and all unite for the good of each. Therefore, it would seem that uniformity of State laws can very easily be brought about when legislatures come to understand that life insurance legislation proposed and advocated by the united organizations represented in the American Life Convention, the Association of Life Insurance Presidents, the National Association of Life Underwriters and the National Convention of Insurance Commissioners, cannot and will not be otherwise than fair to all concerned.

One State, the State of Washington, has incorporated into its statutes a provision that all examinations of life insurance companies shall be at the expense of the State, excepting the single examination for admission to do business within the State.

Section 15 of the standard code provisions, to which reference has already been made, provides as follows:

“The expense of every examination or other investigation of the affairs of any life insurance company, made pursuant to the authority conferred by the provisions of this act upon its application for license to transact business in this State, and the expenses of every examination or other investigation of the affairs of any life insurance company doing business in this State, made pursuant to the authority conferred by the provisions of this act which shall disclose a condition of insolvency in the affairs of the company, or cause for the revocation of its license, shall be borne by the company examined and paid by it to the Insurance Commissioner upon itemized bills of expenses presented by him. No insurance company nor any officer or director thereof shall, either directly or indirectly, pay by way of gift, credit, or otherwise any sum of money or other valuable thing to the Commissioner or any clerk or employee of the Insurance Department or any examiner for extra service or for the purpose of legislation, or by way of a loan or on any other pretense whatsoever.”

The fees paid into the departments of the various States in the Union constitute a heavy item of revenue. The excess of payments, beyond necessary and proper expenses of every insurance department in the United States, aside from examination fees, provide abundant funds for payment of all expenses of examining companies. Once the policy of having expenses of examinations paid by the States from their insurance funds is adopted, the temptation of public officials to make examinations for the purpose of increasing the revenue of their departments or for the purpose

of providing profitable employment for political appointees, is removed. The chance of scandal is reduced to the minimum and the usefulness to the community of such examinations is greatly increased. The temptation on the part of the companies to pay overcharges to avoid contention or curry favors is obviated. When the departments are placed upon a civil service basis throughout the country and men are appointed and retained on their merits, the system of examinations will be simplified, and the enormous expense to the companies, which means to the policyholders, of frequent and unnecessary examinations, will be removed.

The development of the department of insurance as a distinct entity in the system of State government has been a slow evolution. Originally the insurance commissioner, elected or appointed for political purposes, had no conception of the importance of the duties incumbent upon the office. Gradually, as departments in some of the older States have been standardized and have been brought under civil service regulations, the value and importance of the insurance department have grown. In other days an examiner was a man picked up on the street as a hungry politician who could make figures and write some form of report. In these later days the examiner generally knows something of the subject of insurance, and if he does not the department has an actuary who is a skilled, scientific insurance mathematician.

Every department should have a trained actuary who devotes his entire time to the business of his department or the department should have authority to engage a trained consulting actuary who is entirely independent of any company which is likely ever to be examined or brought into competition with other companies in the State to which such consulting actuary is assigned for services. In this connection, permit me to recommend to the consideration of this Congress and the insurance world generally the following resolution, carefully considered, and in my opinion wisely adopted as a principle to govern the examination of companies throughout the Union, found in the proceedings of the annual meeting of the American Life Convention in Chicago in 1913:

“WHEREAS, The members of the American Life Convention recognize the protection afforded policyholders through the provision of the insurance laws of the various States, giving the supervising officials authority to make examination of the affairs of life insurance companies, and is in hearty accord with the spirit of such laws in requiring full, complete, fair and impartial examination of their affairs by such supervising officials and experts employed by them to the end that policyholders and the public generally may be informed as to the financial condition of such companies and their general methods and practices, and

“WHEREAS, The American Life Convention is firmly convinced that it is against the best interests not only of the companies but also of the policyholders and the public to have departmental ex-

aminations made by actuaries employed by a life insurance company or companies, now therefore be it

“RESOLVED, That it is the sense of this Convention that no member herein should, without vigorous protest, permit any official examination of its affairs to be made by any actuary, either in charge of such examination or in consultation with those in charge, unless the entire time of such actuary is devoted to the work of insurance supervising officials.”

The legislation throughout the country intended to limit the efficiency and personal liberty of agents of insurance companies proceeds, I fear, upon a wrong theory. With the purpose of the insurance commissioners to take over to themselves complete authority to determine the qualifications of agents and absolutely control their appointment and right to continue in the service, I am not in sympathy. From extended observation I have concluded that the average salesman of the average life insurance company is not only more capable as a salesman than the average salesman in any other occupation, but equally as honest. There is no more reason for providing drastic regulations to govern the appointment and control of agents of life insurance companies than there is to govern and control the salesman of the great packing houses or the great steel and oil industries of this country. There is no more reason for providing that a life insurance solicitor shall be put in a class by himself to be especially supervised than that the Interstate Commerce Commission should supervise and dictate appointments of section foremen, conductors, passenger agents, freight agents and the like on the railroads.

The companies should be held responsible for the quality of their agency force. The department should, through the companies, discipline any agent who is guilty of any violation of the ethics or the law, having the right to revoke a license for cause and reserving to the agent and the company the right of appeal from any order of the commissioner affecting the right of either agent or company.

The annual statement, as provided for by law, and consequently included in the uniform statement blank, occasions some unnecessary expense to the companies. For example, many of the States require a statement of the market value of the securities on the 31st day of December of the year in which the statement is made. This is an unfair method of calculating assets and is gradually being amended by the substitution of the amortization plan and within a few years all states will value securities by amortization. Many of the States require companies to file detailed lists of all existing loans upon the security of real property and to file with the commissioner, from time to time, lists showing changes in these securities. This involves a tremendous amount of unnecessary labor. It is impossible for an insurance commissioner in Nevada to check up or in any wise inform himself upon the character of securities contained in the volume of several hundred

pages of real estate securities which, under the law, it becomes necessary for the Union Central Life of Cincinnati to file in every State where it does business. The mere expense of printing this list of securities is enormous and no good purpose is served by providing for 48 copies of the list to be filed in 48 departments. The laws should be changed so that the list shall be prepared and filed with the department of the domiciliary State of the company, where it is accessible to all parties interested and where it must be checked over by the local department. All other departments should rely upon the domiciliary commissioner, unless for good reason their own examiners are sent to the home office of the company for the express purpose of checking over such list of securities.

Some of the laws require a showing of the largest balances carried in banks during any single day of the year for which report is being made. This is a provision of law which is misleading and accomplishes no good purpose. The largest average balance for any month in the year would more completely accomplish the purpose of such a law.

It happens frequently with life insurance companies, as with other businesses, that on some particular day, when a large loan is paid in or by reason of some other circumstance, the total amount on deposit in a local bank is two, three or ten times what it may be on any other day of the same month. The purpose of the law is to prevent companies from carrying larger balances with favored banks than is fair to the policyholders, but this provision does not in any wise accomplish the purpose because the total amount of such deposit on a particular day is not under the control of the company at all, but depends upon circumstances wholly beyond the control of the management.

The difficulty in bringing about uniformity of laws in the several States may be best understood from the following statement as to the number of life insurance bills introduced in the several legislatures during the recent legislative season: Florida, 49; California, 48; Minnesota, 37; Wisconsin, 33; Pennsylvania, 21; North Dakota, 20; Nebraska, 15; Illinois, Missouri and Texas, each 14; Kansas, Oklahoma and Oregon, each 13; Idaho, 11; Michigan, Ohio and Washington, 10 each; New York and New England, 29.

Many of the bills proposed in the several States above named were wholly without merit. Others might have been adopted without injury to any interests connected with life insurance. I mention the number of bills in detail to illustrate the importance of some method of securing uniformity in the legislation throughout the country, and believe that if the State legislatures could be brought, through the education of public sentiment, to the idea that legislation affecting insurance, and particularly life insurance, should not be adopted unless recommended by the commissioner of the State in which offered, we would come nearer securing uniform laws governing life insurance than by any other plan so far suggested. I have observed that when the National Con-

vention of Insurance Commissioners agrees to recommend legislation the commissioners of the departments generally stand by such recommendation and favor the adoption of provisions so recommended. It is a fact, too, that unwise laws are seldom enacted in the States where the commissioner has long been in office.

I go no further into detail on this question of uniformity of legislation. I regard it as vital to State supervision and vital to the companies that a plan be devised which shall unite the insurance commissioners with the insurance companies in systematic, continuous, effective effort toward eliminating contradictory statutes and bringing the State laws into such harmony as shall effectually remove the most serious handicap of State supervision.

Every man in America will agree with me that the insurance departments of the States should be removed from the pernicious political atmosphere in which the business of the departments must now be conducted. It will not be long until the people themselves will demand that the office of insurance commissioner shall be non-political. Insurance companies can largely prevent the appointment of mere politicians to these important positions by dignified protest and friendly suggestion. It will not be so material that the head of the office shall be granted a more permanent tenure, if departments are organized on the civil service basis and the actual examiners and detail employees are permanently retained.

I feel certain that an area of coöperation has arrived; that the relation existing between the supervising officials of the State departments and the companies has never been so friendly; that the companies themselves are no longer devoting themselves to cut-throat competition and that by diffusion among the people of information regarding insurance matters we shall within the next ten years see great progress made toward uniform laws and departmental rulings.

The American Life Convention numbers ninety-seven members who are domiciled in thirty-three western, central and southern States. Their officials are in close touch with their several home departments. A complete understanding between the companies of the East and those of the West would eliminate much friction. The home companies, East and West, working through their home departments, can do much to bring about uniform laws and rulings. Coöperating as is possible with the great fraternal societies to the extent of recognizing those institutions and not antagonizing them, the legal reserve companies will find little difficulty in enacting and amending laws applying solely to legal reserve life insurance. The large eastern companies, influential also in their home States, can afford to relax upon some pet methods of valuation and open the doors to their preliminary term brethren of the West and South.

The outlook is not at all hopeless. Entire uniformity is impracticable, but uniformity upon the essentials is enough. It is well worth while for this Congress to accept the situation as it

exists; to direct its efforts to correct conditions gradually and refrain absolutely from recommending or attempting anything revolutionary.

Let us then abandon academic controversy, get down to business upon a business basis, accept things as they are and proceed through our established organizations harmoniously working together each for the good of all and all for the good of each.

TAXATION FOR REVENUE *

Penalizing the Prevention of Poverty

BY EDWARD A. WOODS

President, National Association of Life Underwriters

Taxing the property held by life insurance companies, which should pay the same tax any other property does, is not intended to be criticized. It is the additional tax imposed for doing business, generally a percentage on gross income, which directly increases the cost to policyholders, that is criticized.

It is now the settled policy of all peoples, in proportion as they are civilized and progressive, to care for dependent members of society. Only nations beyond the pale of civilization may to-day suffer the disgrace of indifference to their sick and aged, widows and orphans, insane and cripples. Modern society will no more suffer their uncared-for presence than it would the leper or maniac. The day has forever gone when the beggar may be thrust outside the gates to starve, or the helpless maniac or even the criminal may be left to perish. The unemployed are now subjects of social and legislative attention. Beggary is a public offense, implying a social obligation to avert. Illiteracy and disease, the result as well as cause of poverty, are sought to be banished by large State expenditures and legislation seeking to compel education and health. Other causes and consequences of, and remedies for, poverty are subjects of increasing concern and growing legislation.

ALL WEALTH WORTHLESS WITHOUT HUMAN LIFE

It is at least being recognized that life is the most valuable of all the assets of a nation. Material resources are valuable only because of human life and in proportion to the number and value of human lives. All of the resources of an uninhabited island, or even savage, however great in mineral, vegetable and other wealth, without human life are worthless. We had, the day before Columbus landed, even more physical assets on this continent that we have to-day, because much has since been consumed. But in

* Not read.

proportion as destructive and unproductive savages were replaced by intelligent, valuable lives did our real national wealth grow.

VALUELESS LIVES A LIABILITY

The chief total wealth of any nation is the sum of lives of those of its people who are valuable to society. But because we no longer cast away, but care for and even rescue, waste lives, we must deduct from this total of valuable lives those dependents who are a burden upon the rest. As the whole wealth of a nation is equal to the sum of all its parts, it is increased by lessening the number of dependents; still more by turning them into lives of value, by prolonging the lives that are valuable and converting useless lives into healthy, intelligent and moral ones. Obviously a live, healthy, intelligent and moral man is worth more than a dead, sickly, ignorant or criminal one.

If wasted human lives can be turned into valuable ones, if all can be converted into active civil soldiers, unhampered by the sick, wounded and prisoners, and their care, total values will increase.

CHEAPER TO PREVENT DEPENDENCE THAN TO PAY FOR IT

These truisms seem trite and yet are facts of comparatively recent recognition. From them follow the interest and duty of the State itself, at its own cost, to discourage and prevent dependency, and, better still, to aid and encourage any influence or institution helping to accomplish this. It is obviously cheaper and better to induce and aid another to do at his expense what we would otherwise have to do wholly or partly at our own. And it is far better, as well as cheaper, and more the American spirit, to encourage a people to do voluntarily for themselves what the Nation would otherwise do for them, and thus encourage others.

Possibly no other nation is doing as much for its dependents. And yet many other nations are doing more to encourage their people in methods of self-help. This is but another illustration of the prodigality and wastefulness of the American people, spending more money to remedy an evil than it would cost to avert it.

THE NATIONAL COST OF DEPENDENCY

What the annual savings of the Nation would be, were dependency eliminated, is of course to discuss a millennial condition. But just as it pays an individual to take stock of his assets and to measure frankly his losses, so it is worth while to see just what the maximum amount is that the Nation theoretically could save were dependency eliminated, and try to accomplish as much of this ideal maximum as we can.

It is estimated that the United States is paying for dependency in various ways, organized channels public and private, between \$350,000,000 and \$400,000,000. This does not include the \$172,-

000,000 paid in Government pensions; it probably does not include the increasing amount of State pensions paid to widows, mothers, public employees and others; most of all, it does not include an amount, probably largely in excess of these figures, being contributed directly and indirectly by individuals themselves for the care of dependents. There are, indeed, few persons of any means whatever who are not, in addition to taxes and personal contributions to charities, in some way helping to care for some dependent kindred, neighbor or friend; and it is highly probable that the sum of these contributions would largely exceed the sums recorded by the Government and by organized charities. The annual saving of a nation, could all this contribution for the support of dependents be avoided, would be a figure that could be written down but not comprehended.

INDIRECT COST OF DEPENDENCY

In addition to this, could the indirect results of dependency be averted; could the 1,000,000 persons in our institutions for dependents—in which over \$1,500,000,000 is invested—be made income-producing instead of an expense, we could change so much from liabilities to assets. Could the 10,000,000 persons who Robert Hunted says are living on the poverty line—and he says the figure may be nearer 15,000,000—be raised to a condition where every emergency does not require outside help; could the results of dependency, poverty, lack of education, child labor, woman labor, unsanitary surroundings, under-efficiency due to a physical, moral and intellectual sub-normality; be remedied if, in fact, dependency from infancy to old age could be banished from our land, who can estimate what could be added annually not only to our financial wealth but to the physical, intellectual and moral worth, happiness, and prosperity of its people? Contrast, for example, two communities: one where there are no dependents—where all are helping and none hindering, the other where the dependent population is great, and who would not urge the encouragement in every possible way of conditions which would make for the former instead of for the latter?

LIFE INSURANCE A CHIEF PREVENTIVE OF DEPENDENCY

The peculiarly American institution of life insurance is the greatest movement for organized thrift and for the averting of dependency that we have to-day or that has ever been known in the world. Its some 25,000,000 members are systematically and regularly contributing from their funds to avert the conditions of which we have spoken. It not only interests more people than all the other forms of thrift combined but upon a more comprehensive and systematic plan, not for sporadic but for permanent savings.

INSURED PERSONS THE PROVIDENT AND THRIFTY

It is a recourse only of persons interested in thrift, not in speculation. No one can make money for himself by life insurance in any other sense than by systematic saving. Any inordinate return from life insurance payments must go to others—widows and orphans—not one's self. Its chief object, therefore, is to bring about just the condition most desirable for the whole people and to avert conditions for which organized government and society are so heavily contributing. And this is being done, not by governmental compulsion, as in Germany, England and other countries in Europe; it is voluntarily assumed by our American people, in other respects so extravagant and lacking in providence, but in this way laying by nearly \$1,000,000,000 a year for this largely unselfish purpose.

AMERICA THE ONE COUNTRY TO DISCOURAGE LIFE INSURANCE

And yet this country—the most liberal in paying for the consequences remedied or averted by insurance—instead of following the almost universal practice of all other countries and encouraging insurance, is the one country in the world to penalize those who voluntarily, in the true American spirit, assume this obligation themselves!

WHY NOT ENCOURAGE IT?

It is the wise practice of most benefactors to augment their giving and encourage a wider interest in the object to which they contribute by offering to add their contributions to those of others. It is considered good business, for example, for wealthy men to offer say \$100,000 to a hospital or college provided an equal amount is raised elsewhere. The financial shrewdness, as well as the wisdom, of this course is obvious. And yet for some reason not only is it the practice of many of our States and communities to impose a large inheritance tax upon money devised to the very beneficent institutions to which the State is so heavily contributing, but unlike any other country in the world, civilized or uncivilized, it imposes a tax of over a million a month—\$13,676,096 last year—upon American policyholders. This is a tax falling directly upon policyholders and does not include the property taxes upon life insurance assets, to which exception is not taken. The tax imposed last year is about the amount that such an efficient country as Germany is contributing from government funds in compelling and encouraging its people to insure, and a sum that would furnish life insurance protection for \$500 each to 1,000,000 more families now left without a dollar. We spend governmental and private millions in taking care of the widows unprovided for by insurance, yet filch in taxes \$70 from each \$1,000 life insurance paid to widows and orphans by the providence of their husbands and fathers. We tax the provident and unselfish insured, instead

of taxing the delinquent uninsured. We encourage savings deposits of all other forms, even providing National and State institutions for savings, and yet tax the funds of the still more provident insured—more provident because he is saving for a longer period, by systematic, regular payments, and chiefly for others after he is gone. What would be the ultimate result if the vast sum we now pay publicly and privately to care for dependency were spent through life insurance to prevent it? What an addition there would be to our National wealth and efficiency, but still more to the prosperity, happiness, intelligence and even moral welfare!

A VICIOUS PRINCIPLE VICIOUSLY APPLIED

How this penalization of the thrifty and provident and unselfish has grown in this country need not be here recounted, other than to say it is growing not only in amount but in percentage; that a tax vicious in principle is, as might be expected, viciously applied. The evils of varying rates of State taxation—from nothing in one State to three per cent in others; of retaliatory laws; of taxation of gross income, contrary to any other business in the world, disregarding the net amount paid and taxing even the amount refunded to policyholders; of compelling persons who live in different States to be subject to the varying rates of taxation of other States; of the expense of 48 sometimes conflicting kinds of supervision; of not taxing any mutual assessment or fraternal insurance association, yet heavily taxing equally mutual life insurance companies—these need not be spoken of here. We wish merely to give the widest publicity to the inconsistency with State aims and the interest of society with the whole principle and to suggest a remedy.

NO RECOGNIZED AUTHORITY DEFENDS IT

We pass over further discussion of the iniquity and inequity, because hardly a statesman, hardly an authority on social economy or taxation, defends thus penalizing America's provident insured. It cannot be defended by the increasing needs of government, any more than the robbing of the widow and orphan is justified by any other one who needs money. It has been well said by the Committee on Insurance Law of the American Bar Association that "it is just as dishonest for a State to lay unholy hands on trust funds as for an individual to do it."

NO OTHER COUNTRY SO TAXES LIFE INSURANCE

Even in Europe, taxed to its utmost to pay the stupendous charges of the vast war, insurance—now doing so much to remedy the horrible European conditions—not only is free from American taxation methods but is being doubly encouraged rather than pe-

nalized. Why is it that American public officials do not wisely follow European wisdom and experience in this matter?

NEEDS PUBLICITY TO REMEDY

Obviously it is due to popular ignorance and misconception. It has been said that no English cabinet so taxing life insurance would hold office twenty-four hours. If the 25,000,000 American policyholders thoroughly understood this question, taxes on insurance would be wiped out as fast as Legislatures or Congress could meet. If every legislator understood that over half his constituents were paying this tax, increases would cease and reductions would at once become popular. But there seems to be the same popular impression that some vague, mythical body of wealthy men is paying this tax that has led to the taxation of life insurance funds!

POLICYHOLDER ALONE PAYS THE TAX

As to life insurance companies, this misconception is peculiarly unjust. Irrespective of the economic fact that the tax ultimately falls upon the consumer, no institution of such magnitude as a life insurance company is so much the property of its own members and so little the property of any few stockholders. In no other corporate institution must the taxation cost so certainly fall upon the members and upon no one else. Ninety-two per cent of the assets and 86 per cent of the insurance in force is in companies either having no capital at all or where dividends to stockholders are absolutely limited and where, consequently, any expense must fall upon policyholders; and as for the balance of companies, no one knows better than those familiar with insurance that the making of even any fair interest return upon the capital paid in is most difficult. They must all meet the competition of mutual companies, which would be obviously impossible were any undue amount diverted from policyholders into profits to others.

For the year 1914 companies now entirely mutual and consequently having no stock, paid their policyholders so-called "dividends," really refunds, of \$84,346,891.* Companies whose dividends to stockholders were limited to a fixed amount and whose payments to stockholders, therefore, could not possibly be affected by taxation, paid their stockholders but \$727,550, and 27 times as much—\$19,799,586—to their policyholders. Companies of all kinds paid last year in refunds to policyholders \$108,006,664, and but \$2,733,929 to stockholders, on stock of \$53,985,848—a return of but 5.06 per cent.

It is obvious, therefore, that the policyholders do bear this tax and must bear it. Anything that increases the cost of insurance

* The Metropolitan and Prudential are included with mutual companies, as since January 1st they have been entirely mutual.

falls upon the policyholder and certainly in the first two classes cannot possibly fall upon any one else.

TURN ON THE LIGHT

Enlightened popular understanding of this problem must result in its diminution, notwithstanding the increasing cost of government. Persons must realize the folly of hindering persons from doing what otherwise the State or society must do for them, of throwing bars in the way of progress. If policyholders of all companies were as alert in so justly protecting themselves as are the members of fraternal and assessment companies, instituted for precisely the same purpose, such an unjust burden would be quickly removed.

MUST AGGRESSIVELY RESIST THIS UNJUST BURDEN

It is believed that a defensive policy has been largely responsible for the continuance of this taxation. It would seem that every interest, except organizations representing the life insurance policyholders, take an active part in legislative and especially taxation measures affecting their interests. Where the aroused and intelligent sentiment and influence of policyholders has been exerted, it has been effective. The plea for governmental encouragement of life insurance rather than hindrance and penalization is just, and, like any other just cause, will prevail when properly understood, particularly as the vast majority of voters are personally interested in it—at least half of our voting population. It is our belief that an organized and united effort in every legislative and congressional district, properly led, for the purpose of placing this before policyholders, would make it impossible for this condition to increase and even for it to continue.

UNITED ACTION DEMANDED

It is unfortunate that thus far all insurance companies have not been able to maintain unitedly one organization to organize and conduct a campaign for the protection of their policyholders by the reduction or removal of this unjust and indefensible burden, unprecedented in any other country in the world. An organization representing all regular companies of all sections, arousing in turn their agents and organizations of agents and through them the policyholders, would in due time create such an understanding and public interest that not only would increases cease but gradual reductions would be obtained. For example, the repeal of the retaliatory laws of certain States could be secured by united and organized action; credits of refunds, perhaps of all payments to policyholders, might be allowed; in States where the rate was far above the average a reduction might be obtained, and so an increase of the burden stopped and a decrease begun that would

continue. Such a united organization for a just purpose is surely worth while not only to save \$13,500,000 annually to our policyholders but to prevent its increase; and such a campaign would be well justified were nothing else accomplished than to spread abroad the real purpose of life insurance and proclaim who are really affected by all measures that affect the institution as a whole. It would also make it impossible for legislators to taunt us with the fact that we are neither organized nor agreed among ourselves and that consequently, as we cannot unitedly state our own wants, they necessarily, even if ignorantly, must decide them for us. Surely the regular companies should be as much organized as the fraternal societies, that, with certainly no more reason for tax exemption, have maintained themselves absolutely exempt from any form of taxation, while the companies have borne it all.

LEGISLATORS WILL HELP WHEN THEY UNDERSTAND

In suggesting a campaign against taxation, reflection upon public men in our legislatures is not intended. When even our policyholders misunderstand what life insurance really is and who really bears all its expense, it is not surprising that public men have such vague ideas as to what even mutual life insurance companies are that they do not appreciate the fact that they are taxing the policyholder, the widow and the orphan. Legislators are pressed upon every side for funds for State expenses; they are not likely to inquire too closely into who pays taxes when little objection is made; and if they do not know that their constituents are affected and to what extent, they are often likely to be little concerned by the opposition of some distant corporation, perhaps one which it is politically advantageous to tax or criticize.

MOBILIZING 25,000,000

Twenty-five million policyholders—excluding the non-voters such as minors, children insured under industrial policies and women in non-equal suffrage States—will mean that in most legislative districts at least a majority of constituents are themselves policyholders and more than a majority of the population in some way interested. Legislators themselves do not understand the question, the public certainly does not; and if the sunlight of publicity and intelligent understanding were turned upon this subject, the righteousness of the cause could not be withstood and the result would not be uncertain. We have relied too much upon a defensive attitude. Organization is as necessary for defense as for war. It is aggressiveness in the right cause, particularly in an intelligent and free country, that will ultimately triumph.

NATIONAL SUPERVISION

BY GEORGE W. MILLER

President, National Fraternal Congress of America

The late Mr. Justice Ricks, writing for the Supreme Court of Illinois in a case (*North American Insurance Company v. Yates*, 214 Ill. 272) brought by the insurance commissioner of that State to enjoin certain fire insurance companies and individuals, agents of these companies from transacting the business of fire insurance in that State without complying with the laws of the State relative thereto, said:

“The business of insurance is the outgrowth of time and the demands and necessities of the public. It extends into and covers almost every branch of business and all the relations of life, and is applied to all the hazards of business in life where a basis of risk and compensation can be estimated. In all the stages of life, from the cradle to the grave, it asserts an interest and offers succor and aid. In the business enterprises, whether by land or sea; in the possessions of men, from a pane of glass to the mansion or the factory; in his undertakings involving every chance, misfortune, moral turpitude or the act of God, it demands admission and promises indemnity, reward or gain. It poses as the faithful and zealous trustee of his earnings and savings, and promises to the widow and orphan a guaranty against misery and want. It intercedes between principal and agent, master and servant, contractor and owner, and insures against loss from almost any and every cause. It is a public necessity that deals in its own credit for a cash consideration from the assured, and is stamped with public interest, and must yield obedience to necessary and proper regulations by the State in the exercise of its police power.”

The judge who thus wrote was rather more eloquent than is customary in the pages of the reports of courts of last resort, but he comprehended the importance of insurance and his picture was not overdrawn. In his opinion it is pointed out that the business of insurance is usually conducted by corporations, creatures of the law which have no natural rights but whose rights and immunities are to be found in the law.

The great majority of insurance companies or societies doing business in the United States have been organized under State statutes; hence in every State other than their home State in which they are licensed to do business they occupy the position of foreign corporations. The twenty companies that were at the bar of the Illinois court in the case referred to were foreign corporations, and to this the court called attention in pointing out that they

came into Illinois subject to such conditions as the legislature of that State had prescribed and were bound to observe the public policy of that State with reference to insurance which policy was to be found in the statutes of the State; and then the court observed that the public policy of Illinois touching insurance companies was "amply attested" by over forty statutes relating to them, eighteen of which then in force related solely to fire insurance, the branch of insurance with which the court was then more particularly dealing.

The court, as further evidence of the importance of the insurance business, observed further that Illinois had created a special branch of the government designated "Insurance Department of the State of Illinois" charged with the execution of all laws of the State in relation to that subject.

This case well suggests, first, the tremendous dimensions to which the business of insurance in all its branches has attained, and, second, something of the difficulties with which the business of insurance must contend.

The United States of America now has forty-eight States. For present purposes its territories need not be adverted to. Insurance in its ramifications has not only reached into every one of these States, but into every county, city, village and hamlet in every one of them. Speaking of the fraternal beneficiary system of insurance with which the writer has had most to do, the 1915 edition of "Statistics Fraternal Societies" gives a list of one hundred ninety-eight of these societies having a benefit membership on January 1, 1915, of over eight million, with insurance in force on that date of over nine and one quarter billions of dollars, and these societies included in the list mentioned are shown by this publication to have paid in benefits during the year 1914 over one hundred millions of dollars. The writer does not have at hand the number of the holders of policies issued by so called old line insurance companies nor the aggregate amount of their outstanding policies nor the amounts which these companies have paid in benefits even during a single year, but from the figures which have been given with reference to the fraternalists it will be easily understood that these figures with reference to the old line companies have been stupendous.

Insurance departments have been created or the power of supervision of insurance vested in some existing department in every State in the Union and the public policy of these States has been evidenced by statutes of which Illinois, in numbers at least, may be considered to be a fair sample. We have investment laws, license laws, deposit laws, valuation laws, rate laws, minimum membership and assessment laws, re-insurance laws, liability and emergency assessment laws, examination laws, annual statement laws, reserve laws, retaliatory laws, laws prescribing forms of policies and contracts, and it will be of particular interest to the representatives of the fraternal beneficiary system of insurance

who may be present to know that a bill was introduced in the Illinois legislature at its last session which, if enacted into law and sustained by the courts, would have prohibited the reelection of any officer of any of these organizations. The gentleman who introduced this bill belonged to a society which had sought to bring about a much needed increase in rates, to which he, being an insurgent, was opposed. The increase was urged by officers who had been in charge of the affairs of the society for several terms and were thoroughly familiar with its condition and the necessity for the increase. The father of this bill undertook to set this rates controversy his way by legislating the officers out of office, little thinking or perhaps little caring what such a law would do to the entire fraternal beneficiary system.

The foregoing list of laws with which insurance is required to deal is not offered as exhaustive, but there is a limit to the length of time which the reading of this paper may consume and the writer does not desire to use all of that time in a mere enumeration of insurance laws.

Insurance, then, has at least forty-eight supervisors. The eminent gentlemen who now hold the positions of commissioners of insurance in the several States will, the writer feels assured, take no offense at the suggestion that, whether it be true of any of them, it has been true that in the past some of these offices have been held by men who have had very little knowledge of the business. Men and women who, as managing officers of insurance organizations, have become masters of their business, have and are devoting their lives to this work, while in all too many instances men who have been appointed commissioners of insurance in some of the States have received their appointments, not because of their qualifications to supervise the business of insurance but because of their qualifications along political lines; and it has been true too often that where men thus appointed have seriously devoted themselves to a study of insurance so that by the time their terms have expired they have fairly well equipped themselves to be good commissioners of insurance, the wheels of politics in their uncertain revolutions have turned them out and their places have been taken by those who knew as little if not less than they knew at the time of their appointments.

These men and women, therefore, who, after years of study and experience have become experts in their line of work and hence eminently qualified to manage successfully their institutions, must in all too many States submit to supervision and regulation by officials who possess only a bare smattering of knowledge with reference to the business of insurance.

It is not always true that these State officials confine themselves within the limitations of supervision. There have been instances when some of these officials have apparently lost sight of the dividing line between supervision and management, and have not been content with supervising to see if insurance organizations are

being operated within the limits of the law and requiring them to do so, but have undertaken to pass judgment upon questions of policy and of management and upon the wisdom of acts clearly coming within the domain of management and over which supervising officers have no control.

Each commissioner of insurance, of course, has power and it is his duty to run his own department and in the first instance, at least, he must construe and enforce the laws of his State as he understands them, and under the statutes in most if not all of the States certain general powers are vested in the commissioners under which they may make rules and regulations which insurance organizations are required to comply with; and frequently some commissioner, with a mistaken idea as to the limits of his powers, undertakes to enforce requirements for which there is no warrant in the law.

Again let it be said the writer is not indulging in criticism but merely dealing with facts. Insurance commissioners are human. No divine hand doth hedge them about, but they possess the strength and the weaknesses common to the ordinary run of human kind. There can be but one result from such a situation as has been pointed out, and that is that insurance organizations of all kinds are torn and buffeted between conflicting and irreconcilable statutes, rulings and regulations. There is lack of uniformity in the supervision and regulation of a business which has become country-wide and world-wide and where, so far as the United States of America is concerned, there should be uniformity.

The writer thinks that at this day no intelligent man or woman will be heard to contend that the business of insurance should be free from supervision. Supervision of insurance is here and it should be here, but that supervision should not be a burden to the business it is designed to benefit.

But all this is general in its treatment of this subject, whereas it may be the better elucidated by a few concrete illustrations of what State supervision of insurance means. The writer has in mind an instance where an eminent actuary recently filed reports for an association with a number of the departments. Questions were raised by four of the commissioners with reference to the report and among these four three different positions were taken upon the same question. Three of the four commissioners were finally brought to the same view, while the other gentleman took the position that it was immaterial to him what was the position of the departments in other States, for his department was controlled by his own opinion of what the report should show and he required a different report from that of any of the other of the forty-six departments to whom this report was submitted.

After accepting the invitation to prepare this paper, the writer invited a prominent society to furnish him with a list of instances illustrative of the troubles growing out of the system of supervision by States. It will serve the writer's purpose to note the following:

The State of North Carolina has a statute providing, in substance, that each foreign insurance company, association or order doing business in that State on the assessment plan shall keep at all times deposited at its head office in that State or in some responsible banking or trust company one regular assessment sufficient to pay the average loss or losses occurring among its members during the time allowed by it for the collection of assessments and payment of losses.

It is perfectly clear that under this statute the funds deposited in that State cannot be held solely for the payment of claims arising in that State, and yet varying interpretations have been placed by the different departments on this statute, some holding that the deposit made under it is a special deposit and others a general deposit.

The departments have not agreed in their requirements for valuing bonds. To illustrate, Minnesota accepts the amortization plan, while New York, Michigan and Connecticut take the market values; and in States where the market value is the basis, the same bonds may not be valued at the same amounts, although as a matter of fact in nearly every instance it is true that there is no occasion whatsoever to sell the bonds, but they have been purchased with the view of holding them until maturity and everyone knows that in all human probability the organization holding them will receive, from time to time as it matures, the interest at the stipulated rate and the full face of the bonds at maturity.

Varying regulations are made as to the arrangement of schedules, so that the different departments frequently require special statements to conform to the details of their own clerical work, evidently having more regard for the convenience of their own departments than for the expense and convenience of the organizations required to make these reports.

The position of the Connecticut department has been that the liabilities for a year should include all claims arising from deaths occurring before January 1st next succeeding. It is the experience of most organizations that a few deaths occurring in the very latter part of a year are frequently not reported to the home office before the latter part of the following January, so that if the books were to be held open to include those deaths in the annual statement they could not be closed before the end of January; but the Michigan department requires that the completed statement must be ready for final inspection by that department by not later than the middle of that month.

The Iowa department now has a requirement with reference to valuations which is at variance with and requires valuations upon a different basis from that of any other department.

A few years ago the Minnesota department made a ruling with reference to the laws of an association which, if complied with, would have required a transfer of moneys from one fund to an-

other. This, if made, would not have been recognized by the departments of other States.

Separate reports must be made to the department of each State in which an organization is doing business and, as has already been indicated, these may not be copies of a single report. It would seem that it might serve to deliver to the other departments copies of an annual report made to the department of the home State of an institution, particularly where approved by the home State; but not so. All this is expense, for it involves labor and the expense, of course, in the end falls upon the policy or certificate holders. Furthermore, each State has the right under its laws to examine annually, or more frequently if it desires, through its insurance department, every company and society doing business therein and under most of the laws relating to fraternal beneficiary societies this examination is to be made at the expense of the societies. The writer presumes this is also true with reference to old line companies. Instead of there being one examination which must serve for the whole country there may be as many examinations each year as there are States in which the particular institution is doing business and these examinations may be as much more frequent than annually as the commissioners may see fit and all this at the expense of the company or society. It is but just to say that examinations of the same institution are not conducted each year by each department. On the contrary, through an organization of insurance commissioners designed to bring about greater uniformity and to lessen some of these evils to which State supervision is subject, examinations are made by a limited number of departments selected for that purpose and the reports of these examinations are accepted as a rule by other departments, but the opportunity for abuse is ever present.

These evils are somewhat lessened by the organization of insurance commissioners which meets at least annually, one of the purposes of which is to bring about uniformity in laws, departmental rules and requirements, blanks, etc. It should be said that much good has been accomplished by this organization of commissioners, and yet the necessity for such an organization, the very existence of the organization, is evidence of the weakness and an argument against supervision of insurance by the States.

Another danger of great magnitude has but lately made its appearance. While supervision of insurance has been with us for many years, it has been but very recently that an attempt has been made, through State legislation, to prescribe the rates or premiums which insurance may charge. In *Paul v. Virginia*, the court said that insurance was not commerce because contracts of insurance are personal contracts. The court emphasizes this in the *Deer Lodge County* case and concedes it in the case to which I am about to make reference.

It is optional with our citizens whether they will or will not

carry insurance, and it is for insurance organizations to say whether they will or will not issue a policy or certificate to any particular individual who may apply therefor. It has been thought, at least by many, that while the business of insurance was subject to supervision under the police power of the State, that power did not extend far enough to enable the States to regulate rates, but the Supreme Court of the United States, in its opinion filed in April, 1914, in *German Alliance Insurance Company v. Lewis* (233 U.S. 389) sustained the constitutionality of a Kansas statute authorizing the commissioner of insurance of that State to fix fire insurance rates. Under that statute if he thinks they are too high he may lower them, and if he thinks they are too low he may increase them. It would be of interest to analyze the views of the court as expressed in the opinion of Mr. Justice McKenna and concurred in by four of his brethren, and the views of Mr. Justice Lamar expressed in his vigorous dissenting opinion, which was concurred in by two of his brethren, including the chief justice of the court; but time forbids.

If the States may, under the policy power, regulate rates for fire insurance, it would seem to follow that the same thing may be done with every other kind of insurance. The opinion in the Lewis case contains nothing to indicate that the holding of the court was limited to fire insurance, but the doctrine which the court announced applied to insurance generally.

With this power in the States thus established, insurance is in this situation: As to all insurance organizations incorporated under the laws of Kansas, the legislature of that State may, directly or through the commissioner of insurance, control the rates to be charged by them because they are the creatures of that State. As to every insurance organization incorporated under the laws of another State seeking to do business in Kansas, their rates in Kansas may be regulated and controlled because, as foreign corporations, they have no right to do business in Kansas—not being engaged in interstate commerce—except under such conditions as Kansas sees fit to prescribe. More than this, Kansas may regulate and control rates to be charged by these so-called foreign corporations outside of Kansas as a condition under which they will be permitted to do business in Kansas, for, if, as is clearly established, Kansas may exclude such corporations entirely, she may stipulate any conditions she sees fit upon which they may be permitted to enter and transact business within her territorial limits.

This much being clear as to Kansas, it is equally clear that the same powers are possessed by every other State in the Union, and so under this power to regulate and control rates, Kansas may say to insurance organizations incorporated under the laws of other States that they shall not be permitted to do business in Kansas if they charge rates elsewhere to exceed those prescribed by its legislature or by the commissioner of that State. California, through the exercise of this same power and with a commissioner

who does not agree with the commissioner of Kansas as to what the rates should be, may fix another rate, and Illinois still another, and thus put insurance in the position where it will be doing business in one State upon one rate basis, in another State upon another, and this may be continued as long as the list of States holds out. But this is not all, for, as the writer has already pointed out, Kansas, if not content to undertake to regulate and control rates to be charged in Kansas, may fix rates to be charged everywhere and exclude from that State every insurance organization not complying with the Kansas requirements. Suppose, therefore, that Kansas, in the exercise of this power, has prescribed maximum rates and has provided that no organization shall be permitted to do business in Kansas which elsewhere collects a rate in excess of this maximum rate. California may believe this rate to be too low and through its legislature may provide that no insurance organization shall be permitted to do business in that State which does not charge rates in excess of the maximum rate prescribed by Kansas. Under such a situation as this, verily would insurance be "between the devil and the deep sea," and with similar power vested in every State in the Union, it will be at once perceived that, if these States should exercise this power, insurance would be between a number of devils and deep seas. Of course, the exercise of this power by a number of States where there was lack of uniformity in the rates prescribed would be destructive of insurance.

Nor will it be sufficient to say there is no likelihood of such a situation developing. Kansas has exercised the power and who can say that other States will not do likewise. In fact, five or six other States have already done so in one form or another. Furthermore, under this Kansas statute there is no assurance of stability in rates. When the commissioner shall determine any rate is excessive or unreasonably high or not adequate for the safety or soundness of the company, he is authorized to direct the company to publish and file a higher or a lower rate which shall be commensurate with the character of the risk; but in every case the rate shall be reasonable—is the language of the statute. The commissioner may change his mind from time to time as to what is an excessive or unreasonably high rate or a sufficient rate, or the commissioner's successor may not agree with him and hence change the rates; and while it is true relief may be had in the courts, at least by domestic corporations, from an unreasonable rate, insurance could be involved in such a mass of litigation by an exercise of this rate-making power by the States as would destroy it before the courts could give it relief. The danger is present and in the determination of whether National supervision is preferable to State supervision no one should overlook or underestimate this danger.

But these are by no means the only objections to State supervision. The States have spent millions of dollars in the erection

and maintenance of schools for the blind, hospitals for the insane and for the poor and needy, poor farms for the support of those who are unable to support themselves and who have no relatives who can be made to support them, and along other but similar lines. Millions are being expended each year for such purposes and these expenditures have the approval of all our people. They are designed to relieve the distress of human kind. The funds from which these expenditures are made are in the main contributed by our people in the way of taxes, and this burden, in theory at least, is spread over all our people. It would be an intolerable suggestion to ask our citizens who pay this tax to also pay a tax upon the tax.

Through insurance millions of our people voluntarily contribute to the creation of funds, the purpose of which is to spread over those who thus voluntarily contribute, the losses sustained and damage suffered among these contributors or their beneficiaries, through fire, storms, the perils of the sea, accidents, disability temporary and permanent, death and whatever else may be insured against, to the end that the individuals to whom this loss or damage has come shall not be required to bear it alone, and the billions of money which have thus been disbursed by insurance and which have not come from the pockets of all our people, but from the pockets of those who have carried insurance, have operated to save our governments from the expenditure of moneys in the lines above suggested, in amounts which no one can estimate with any degree of accuracy.

These contributions, paid by those who carry insurance, which the old line companies call premiums and which the fraternalists call assessments or rates or contributions, have been likened to a tax, but voluntarily imposed. It should be the policy of the States to encourage people to carry insurance and thus to enjoy such protection as insurance gives. It has been and is the policy of the States to levy tribute upon these premiums or contributions which people must pay in order to carry insurance.

In a pamphlet which it was the privilege of the writer of this paper to read a short while ago, it was, in substance, stated by way of illustration that if death should take the head of a family in a community and a committee should be appointed to raise by voluntary contributions a fund of a thousand dollars among the neighbors for this family, and, upon collecting this amount, this committee, as it entered the door of this home to deliver to the widow the money collected, should be met by a tax collector, who, on behalf of the State, should demand that, from this money thus voluntarily contributed, should be paid to the state fifty or seventy-five dollars, the tax collector would probably be promptly mobbed; and yet that is what is being done, in effect, under the cloak of the law in every state in this Union as to most forms of insurance. In a paper prepared by Mr. John F. Dryden and read before a meeting of the Boston Life Underwriters in 1904, he

stated that during the preceding forty years the life insurance companies of this country had paid in taxes about one hundred millions of dollars and that the annual amount which they were paying at that time in taxes, licenses, fees, etc., was about nine million dollars. In a comparatively recent article prepared by the then Vice-President of the National Association of Life Underwriters is the statement that American life insurance policyholders pay over thirteen million dollars in taxes. The total receipts of the insurance department of the State of Wisconsin for the year ending June 30, 1915, were \$1,106,981.66. Of course, this money in the end must come and does come from the policyholders of the companies from whom these taxes are collected. The writer is aware that these tax regulations are not applied to all forms of insurance organizations, but he is dealing now with supervision of insurance as a whole and not as applied to any particular class of institutions.

The point is that the States whose sole aim should be supervision in so far as supervision is necessary for the protection of the insured and not beyond that, have seized upon this power of supervision and regulation to make it a source of revenue production, and millions of dollars are being annually collected, not for purposes of defraying the expenses of supervision but as revenue for the States pure and simple. There has also grown up among the States a disposition to see to it that each State gets out of the companies doing business within its borders, but organized under the laws of other States, as much in revenue as other States get from companies organized under its laws, and this has led to our retaliatory statutes.

Mr. Justice Hughes, writing for the Supreme Court of the United States in the celebrated Minnesota rates cases (230 U.S. 352, p. 398) and discussing general principles governing the exercise of State authority when inter-state commerce is affected, pointed out that the power of Congress to regulate commerce among the several states is supreme and plenary, complete in itself; may be exercised to its utmost extent and acknowledges no limitations other than are prescribed in the constitution, and in this connection he said:

"The conviction of its necessity sprang from the disastrous experiences under the Confederation when States vied in discriminatory measures against each other."

It was in order to end these evils, said the learned justice, that the grant was made in the Constitution conferring upon Congress authority at all times adequate to secure the freedom of interstate commercial intercourse from State control and to provide effective regulation of that intercourse as the National interests may demand; but, as all now know, that grant has proven ineffectual to protect the business of insurance from evils which existed in the

days of the Confederation, for while there may have come a lessening of such discriminatory measures between the States, the evil still exists, as our retaliatory statutes well attest.

The writer finds it difficult to understand how any one familiar with the manifold difficulties and unnecessary burdens and annoyances to which State supervision leads and who can weigh this problem solely from the standpoint of what is best for the business of insurance, looking at it, if you please, not merely from the angle of the insurer but from the angle of the insured, can fail to prefer a plan, if one be possible, which would give us one master instead of many, which would free us from the multitude of statutes ill-advised, unjust and oftentimes inconsistent and which would bring us uniformity in supervision and regulation, to say nothing of relieving the business of insurance from the excessive expense burdens which State supervision and regulation have and will place upon it.

This agitation against state supervision is not one of recent origin, nor has it been confined to the officials of insurance organizations. Some insurance commissioners have strongly urged it. As early as 1865 Mr. Elizur Wright, then insurance commissioner of Massachusetts, in his report for that year strongly advocated Federal supervision as against State supervision; and the writer listened to a paper read before the National Fraternal Congress at its annual session at Cambridge Springs, Pennsylvania, in 1911, by Hon. Arthur I. Vorys, in which he strenuously argued in favor of Federal supervision as against state supervision and frankly stated that his views upon the subject were largely the result of his experience as the commissioner of insurance for the State of Ohio. The question is not one of men nor of States, but one of principle, and should be treated as such.

Assuming, therefore, that national supervision, if it can be obtained, is desirable, is it possible? This question must be answered in the negative under the Federal Constitution as it now reads. The agitation for National supervision, however, has not been entirely outside of Congress. The writer will make no attempt to give exhaustive reference to the steps which have been attempted in Congress to bring about national supervision. In the paragraph creating the Bureau of Corporations and as a part of the bill under which the Department of Commerce and Labor was created, is found an authority to that bureau under the direction of the Secretary of Commerce and Labor to gather, compile, publish and supply useful information concerning corporations engaged in insurance. It will be noted that the extent of the authority is to gather, compile, publish and supply useful information. From an educational viewpoint this provision of the act may be beneficial, but it hardly extends beyond that.

President Roosevelt, in his Annual Message to the first session of the 59th Congress, said to that body on December 5, 1905, discussing Federal supervision of insurance:

"The burden upon insurance companies, and therefore their policyholders, of conflicting regulations of many States is unquestionable while but little effective check is imposed upon any evil and unscrupulous man who desires to exploit the company in his own interest and at the expense of the policyholders and the public. . . . As a remedy for this evil of conflicting, ineffective and yet burdensome regulations, there has been for many years a widespread demand for Federal supervision."

After referring to the provision with regard to insurance in the act creating the Bureau of Corporations, the President said further:

"It is obvious that if the compilation of statistics be the limit of Federal power, it is wholly ineffective to regulate this form of commercial intercourse between the States, and as the insurance business has outgrown in magnitude the possibility of State supervision, the Congress should carefully consider whether further legislation can be had."

The House of Representatives, by resolution adopted, referred that portion of the President's Message dealing with the subject of corporations engaged in the business of insurance, as well as corporations engaged in other lines of business, to the Committee on Judiciary with directions to report fully at an early date their views as to the power of the Federal Government to regulate or control corporations in the management or control of such business. This committee on March 23, 1906 (Report No. 2491) presented its report to the House and in an exhaustive opinion reached the conclusion that under the Federal Constitution Congress lacked power to supervise and regulate the business of insurance.

Article X of the Amendments to the Federal Constitution reads:

"The powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States respectively or to the people."

The writer does not understand that it has ever been contended by any one that the business of insurance can be supervised and regulated by Federal authority unless it can be done under the commerce clause of the Constitution, but for more than forty-five years the voice of the Federal Supreme Court has been consistently saying that insurance is not commerce and therefore insurance transactions between organizations of one State and citizens of another is not interstate commerce.

Beginning with *Paul v. Virginia* (75 U.S. 168), decided in 1868, and prior to the decision of that court in the *Deer Lodge County* case, the Supreme Court gave expression to this view in at least eight cases. It was thought, however, by many that a fundamental error had been made by the court in *Paul v. Virginia*

which had continued through the subsequent cases, and that the business of insurance had reached such world-wide magnitude and now played so important a part in our commercial life, that, if the question could be squarely raised before that great court in a case which would present insurance as it is to-day, that court could be induced to change its position and to hold that insurance is commerce and can be regulated by the Federal Government under the commerce clause of the Constitution. That hope could hardly be longer indulged after the Supreme Court filed its opinion in *New York Life Insurance Company v. Deer Lodge County* (231 U.S. 495) on December 15, 1913, for in this case the Supreme Court plainly stated that under the doctrine of *stare decisis* it considered the question foreclosed; but out of respect for the able briefs which had been filed on behalf of the company, the court reconsidered the question on principle and solemnly announced by a vote of seven to two that the previous decisions of the court were correct. It is true that in this case Mr. Justice Hughes and Mr. Justice Van Devanter dissented. It may be regretted that they did not file a dissenting opinion expressing fully the reasons for their dissent. It may be assumed, in view of the fact that the real question in that case was whether insurance is commerce, they were of opinion the earlier cases were wrong and should be overruled. It is the writer's belief, however, that the fact that two of the justices of that court dissented, holds out no hope that the court will ever overrule these cases. The court has again solemnly spoken and whatever may have been the view of the two dissenting justices, the opinion filed is the opinion of the court. There should be certainty and stability in the law. Courts are reluctant to overrule decisions solemnly announced, although there are many instances where this has been done. It is, however, too much to expect that after the solemn declaration in the *Deer Lodge County* case this court will ever reverse its position upon this question. The doctrine of *stare decisis* will alone be sufficient to foreclose this possibility.

The view has been entertained by many that if Congress by statute would declare that insurance is commerce, the Federal Supreme Court would sustain the constitutionality of that statute. The writer does not entertain that view. If insurance is not commerce, it cannot be made so by a declaration by Congress that it is commerce, nor can the situation be changed by a Congressional enactment that insurance is to be treated as commerce, for the Federal Constitution will still stand in the way and the question will be determined by the Supreme Court, not on the basis of what Congress has said insurance is, but upon the basis of what insurance is, and that question has been foreclosed.

The only avenue for relief is an amendment to the Federal Constitution.

To what extent should that amendment go? If the Constitution should be amended so as merely to authorize Congress to provide

for Federal supervision while, at the same time, leaving the power of supervision in the States, insurance now with its forty-eight supervisors would have forty-nine and it is the writer's view that this would simply increase our trouble. If we are to have National supervision the Constitution should be so amended, if possible, as to vest the sole power of supervision in the Federal Government.

The writer was much interested in an opinion written in July, 1914, by Mr. John C. Spooner to the president of the New York Life Insurance Company with reference to the form which an amendment to the Federal Constitution should take. It was the view of that eminent constitutional lawyer that an amendment reading "Congress shall have power to regulate the business of insurance throughout the United States, its territories and possessions," would vest the sole power of regulating insurance in the Federal Government, where the writer thinks it properly belongs. Mr. Spooner suggested in lieu of this amendment one which would provide that "Congress shall have power to regulate the business in insurance by a corporation in States other than that by which it was created," with the thought that the latter amendment would more likely meet with the approval of the States. A system of supervision which would place all insurance other than that by a domestic company within its home State within the regulatory powers of the Federal Government and which would thus operate to reduce the number of supervising departments from forty-eight to two as to each insurance organization, would be far preferable to the present system. The problem is not so much what should be done as whether it can be done, and, if so, how to go about it.

One of the things which stands in the way is the old idea of the rights of the States. An eminent fraternalist from Richmond, Virginia, discussing *State v. Federal supervision* at the last session of the National Fraternal Congress and arguing in favor of State supervision, frankly said this:

"If the trend of this paper be toward retaining the reserved rights of the States, rather than extending the centralized power of the Federal Government, it may be due partly to the fact that the writer comes from the South, where the people are more tenacious of what is popularly known as 'State's Rights,' yet it is believed that all over the country there has been in recent years a quickening of public opinion towards a retention of the rights reserved to the States without further extension of the powers of the Federal Government."

The writer has no controversy with any one who insists upon the retention of the rights of the States with reference to those matters which the States can handle better or even as well as the National Government, but there should be a sufficient spirit of nationalism in us all to be willing to place in the hands of the National Government the regulation and control of those matters

which can be better handled through the National Government than through the governments of the States. Viewing it from a practical standpoint, the writer is much inclined to the view that the element in the equation which will be most difficult to overcome is the disposition on the part of the States to use the business of insurance as a source of revenue, for when the States give over, if they ever do, to the Federal Government the power to supervise and regulate insurance, they will surrender much of this great source of revenue.

That the task of procuring a proper constitutional amendment will be one of great difficulty the writer fully appreciates, but that it is impossible he does not believe. It will take time and cost money to educate our people to the point where the pressure upon Congress and the legislatures of the States will bring about the necessary action. The place for this educational work should be, first, at least, among those who carry insurance. Ten millions, it is thought, are a conservative estimate of the number of holders of benefit certificates of fraternal beneficiary societies organized and doing business in the United States. The writer will not undertake to venture a guess as to the number of holders of policies issued by the various kinds of insurance organizations other than fraternal, but it will be ten millions several times multiplied. If this vast army of the insured can ever be educated to realize the benefits of National supervision as against State supervision, the solution of the problem will, from that time on, be comparatively easy; and so, therefore, should not our work along educational lines be directed primarily to those who suffer most from State supervision, hence are most to be benefited by National supervision.

In conclusion the writer wishes it to be understood that the views expressed in this paper are merely his own. He does not speak for the fraternal beneficiary system of insurance nor for the National Fraternal Congress of America upon this subject.

At the conclusion of the paper read by Mr. Vorys before the National Fraternal Congress in 1911, the whole matter of Federal supervision was referred to the committee on statutory laws of the Congress for consideration during the following year, with instructions to report at the next session of the Congress on the advisability of action. No further action has ever been taken by that body.

NATIONAL SUPERVISION

BY SAMUEL DAVIS

Member, Boston Bar

Mr. Chairman, and Gentlemen of the World's Insurance Congress: I much appreciate the opportunity of being here to advocate, even most briefly, a subject that is very close to my heart.

When I sat down to prepare this brief paper, I realized, of course, that it coming on the last day of the program those faithful enough to stick it out would be weary of all matters relating to insurance, and so I made it brief, and shall not attempt to give it comprehensive treatment. I assume every student of insurance is familiar with the present system of State supervision; and also with various attempts that have been made from time to time to have the central government declare insurance to be commerce, and thus bring it within the power of Congress to regulate. I personally abandoned that opinion some time ago, and shall treat the subject from another angle. I have entitled my paper "Some Misconceptions of our Fundamental Law upon which Objections to National Supervision of Insurance Are Based."

I am prepared for something like that "grim silence of foregone dissent" with which in the year 1837 Emerson's address on the American scholar was received by his audience, for I am well aware that the subject of Federal supervision is unwelcome to a considerable portion of the insurance profession. Nevertheless, its achievement may be closer at hand than we imagine, so I purpose in this paper to consider some misconceptions of our fundamental law which underlie the objections and distrust which are entertained by some students of supervision who fear to substitute national control for the present method of State supervision.

The historic opposition to National supervision of insurance has, of course, been developed entirely from our present primal law. With that law changed by constitutional amendment, the Supreme Court will no longer oppose National supervision, as it will be deprived of any ground for objection.

There is a curious tendency upon the part of some writers and speakers on the proposed change to National supervision of insurance. Those people confuse the opposition of the Supreme Court to National control under our present law, with the unquestionable right of the people to change the Constitution. One speaker, Daniel W. Simms, Esq., in a paper read at the American Life Convention of last year said, "The opinion is broadspread among the friends of Federal supervision that a nation-wide declaration for the change will have its influence on the Supreme Court eventually." But we know that the Supreme Court would be prompt to deny a desire to give any opinion whatever as to whether or not the Constitution should be changed. The sole business of the Supreme Court is to interpret the law after it has been made. All the Supreme Court has ever said is that under our Constitution as it now exists, insurance is not commerce and therefore it is not within the power of the National Government to regulate under Cl. 5, Sec. 8 of Art. 1 of the Constitution, which provides that Congress shall have power "to regulate commerce with foreign nations and among the several States, and with the Indian tribes."

Moreover, it cannot be said that the court in any way is now

lacking in a complete understanding of all the grounds upon which the claim of insurance for recognition as commerce is based. For, notwithstanding the magnificent brief prepared by the able counsel of the New York Life Insurance Company and his distinguished associates, made for use in a case based upon a state of facts deliberately chosen to present in its most favorable light, the claim of insurance as commerce, the court again in December, 1913, held to its original position.¹ In the course of its elaborate opinion in the Deer Lodge County Montana case the court says, "It is also urged that modern life insurance has taken on essentially a national and international character and that when *Paul v. Virginia* was decided the business was 'to a great extent local; that is, conducted through the domestic contracts by stock companies. The great and commanding organizations of the present day had hardly begun the amazing developments which have made them the greatest associations of administrative trusts of the business world.' These contentions were earnestly made; the reply to them deliberately meditated, and its extent fully appreciated."

That is what the court says in carefully chosen language and with sufficient emphasis. Surely it intends us to accept its latest decision as final and I for one do so accept it. That two judges dissented in this case is of no great importance inasmuch as the dissenting judges neglected to assign reasons for their dissent. This latest decision of the Supreme Court should forever dispose of the belief that any amount of public opinion could eventually induce the court to reverse itself, and in my view it is a misconception of the fundamental nature of our government to expect the court to be influenced by public opinion in construing the law of the land.

There is a department of the government which is and should be susceptible to public opinion. I mean the legislative department. Having failed to obtain Federal supervision through the aid of the judicial branch of the government we are compelled to enter a new path, one which I believe will lead to ultimate success. I mean procedure by means of an amendment to the Federal Constitution.

As no one else came forward to propose such an amendment, I prepared one which was introduced in both branches of the National Legislature in the early part of 1914. The amendment reads as follows:

"Art. I, Sec. 8, Cl. 19. The Congress shall have power to regulate the business or commerce of insurance throughout the United States and its Territories and possessions."

The all important question then becomes, would the adoption of this amendment give us a single regulating power over insurance,

or would it merely add another body to the existing forty-eight regulating authorities? My answer is that Congress would be supreme, and that all power to regulate, license or control insurance corporations would be taken from the States, and I will now attempt to correct a widespread misconception on this point.

In the Minnesota rate decisions of 1913² the Supreme Court with much clearness set forth the relation existing between the State and Nation over matters of concurrent or conflicting jurisdiction. It said, "The power of Congress to regulate commerce among the several States is supreme and plenary, it is complete in itself, may be exercised to its utmost extent and acknowledges no limitations other than are prescribed in the Constitution." Long before the Minnesota rate cases, Chief Justice Marshall had said, "There is no room in our scheme of government for the assertion of State power in hostility to the authorized exercise of Federal power." And as late as December, 1913, in the Deer Lodge County case³ the court remarks, "We have already pointed out that if insurance is commerce and becomes interstate commerce whenever it is between citizens of different States, then all control over it is taken from the States and the legislative regulations which this court has heretofore sustained must be declared invalid."

The decisions in the Minnesota rate cases and the Shreveport rate case⁴ show clearly that the power of Congress in the regulation of insurance would be supreme even under our present system of State charters.

But in order to render unnecessary any fresh adjudication of the boundaries of State and Federal control—even in the case of the single State incorporating the insurance company—I propose that the companies exchange their present State charters for fresh charters to be granted by Congress, which body has frequently in the past exercised its right to grant charters of incorporation. The National Government will then be engaged in regulating corporations of its own creating rather than the offspring of the forty-eight States.

Mr. Morawetz⁵ argues that if interstate commerce cannot be carried on in an orderly manner and with safety to the public by a multitude of corporations organized under the diverse and varying legislation of forty-eight different States, it would seem justifiable under the power to regulate interstate commerce to require all such corporations engaging in such commerce to comply with any appropriate regulations for the protection of the public and also to confer upon all corporations complying with the prescribed regulations a legal right or franchise to carry on their interstate commerce throughout the United States free from restrictions imposed by the several States.

Just as we now have the First National Bank of Des Moines,

or the Second National Bank of Milwaukee, United States institutions in every element and detail of their organization, though conducted and maintained locally, with National charters for insurance companies, we would soon become familiar with such names as the Prudential National Life of Newark, the National Standard Accident Insurance Company of Detroit, the Continental National Fire of New York, the New England National Life of Boston, and others. The local character of these institutions will in nowise be lost, but all will be under one law, one supervising government, and subject to one court of final appellate jurisdiction, the Supreme Court of the United States.

To predict this change from time-honored methods is not visionary, not a mere flight of fancy. The time when it will become an accomplished fact may be said to be almost within sight. Though a long time in preparation (nearly half a century), the forces which will bring Federal supervision to pass are about to culminate.

Already the Massachusetts legislature during the present year adopted a joint resolution which petitions Congress to propose to the several States of the Union for their adoption an amendment to the Federal Constitution which shall empower Congress to grant charters to business corporations of all kinds engaged in interstate trade, though I question whether such an amendment is necessary.

But even if the companies for a long time to come should retain their State charters, it is quite certain that the States could not retain any power of regulation after Congress acts.

However, for the future consideration of those who think that Federal control would not oust the States from all jurisdiction over insurance, I direct attention to the status of National banks under our Federal and our State laws.⁶ As every one knows, National banks are local institutions, all of them being strongly identified with the communities in which they exist. One's friends and neighbors are the officials and employees of these banks. Neither the municipality nor the State can exercise any control whatever by way of taxing, regulating or dominating them, either by the exercise of the power of taxation or of the police power, except that property within the jurisdiction of the municipality and State may be taxed, because of permissive legislation by Congress. A leading case⁷ defines the position of National banks in this language: "National banks are instrumentalities of the Federal Government created for a public purpose and as such are necessarily subject to the paramount authority of the United States. It follows that an attempt by a State to define their duties or control the conduct of their affairs is absolutely void wherever such attempted exercise of authority expressly conflicts with the laws of the United States and either frustrates the purpose of the National

legislation or impairs the efficiency of these agencies of the Federal Government to discharge the duties for the performance of which they were created. These principles are axiomatic and are sanctioned by the repeated adjudications of this court." Can it be questioned then, that insurance companies operating under charters granted by the National Government would be as much protected from local molestation as the National banks? Can the doubting Thomases ask for any stronger assurance? Furthermore, if my amendment were to be adopted, Congress probably could through taxation compel the retirement of purely intra-state or local insurance companies.⁸

A well-known editor⁹ writes: "The principles for the exercise of the police power (by the State) are infinitely more numerous and of larger scope in the case of insurance than in that of interstate commerce. How, for instance, would Mr. Davis go about providing that the so-called Robertson law in Texas requiring life insurance companies to invest within the State moneys collected by them from the citizens of the State is not a valid exercise of the police power?" The propounder of this question assumes analogy which does not exist. He supposes that State to have the power to question the right of the insurance company to be within the borders of the State. He is undoubtedly thinking of that other unfortunate rule of law made by the court in *Paul v. Virginia*,¹⁰ which deprived every corporation of those rights of citizenship outside the State of its domicile, which are secured to natural persons by Sec. 2 of Art. IV of the Federal Constitution. But an insurance company possessing a National charter granted by the constitutional authority of the Federal Government is on Federal territory and therefore not subject to local interference. The State of Texas would have no more success in attempting to enforce the Robertson law against a company so chartered than did the State of Maryland in its attempt to tax the United States Bank, which effort resulted in the famous decision of the United States Bank *v. McCulloch*.¹¹ It is true that Congress has not always exercised the powers conferred upon it by the Federal Government. Where Congress has been silent, the States have been permitted to establish police regulations. These acts have not been questioned until Congress proceeded to exercise its power. State regulations then at once ceased to be valid, as was so clearly and elaborately explained in the Minnesota rate cases.¹² In an earlier case¹³ the court had said: "Against the National will, the States have no power by taxation or otherwise to retard, impede, burden or in any manner control the operation of the constitutional laws enacted by Congress to carry into execution the power vested in the general government." The State cannot through the exercise of its police power for any purpose whatever encroach upon the powers of the general government or the rights granted or secured

by the supreme law of the land.¹⁴ The Fourteenth Amendment to the Federal Constitution is always invoked to protect the States against Federal encroachment, but this Amendment itself is capable of an interpretation subjecting all State legislation to a Federal control nearly equal in scope to that now exercised by the State courts and of course superior to the latter.¹⁵ Professor Freund further points out that by interpreting the Federal power as exclusive, the Supreme Court has made it possible to annul state legislation relating to commerce even without the aid of Congressional action.

If the authorities I have cited are accepted, it surely ought to be realized that the Federal Government once given proper authority will have supreme and exclusive control over the business or commerce of insurance.

The more the subject of Federal regulation of insurance is considered by those who are indifferent or lukewarm to the proposition and who are loth to believe that insurance may be relieved from the most grievous of the burdens it now sustains, the greater will be the number converted to the proposal. For the encouragement of these and with the hope of increasing their number, the following quotation may be taken from the Employers' Liability Cases¹⁶ to show how the Supreme Court interprets the power of Congressional regulation:

"'To regulate,' in the sense intended, is to foster, protect, control and restrain, with appropriate regard for the welfare of those who are immediately concerned and all the public at large."

This statement by the United States Supreme Court should be most reassuring as to the attitude of the National Government when once control of insurance is given to it by Constitutional Amendment.

Whether or not the attainment of such a Constitutional Amendment is possible is quite another question and one entirely open to debate and concerning which I may be the one who labors under a misconception. I have never contended that such a change in the Constitution would be easily obtained. On the contrary, there is little question of the great difficulty to be encountered. I do, however, believe in the possibility of ultimately so changing our basic law in response to a notable demand for such a change, and it is our business to develop the demand.

A *Weekly Underwriter* editorial¹⁷ sometime since quoted Mr. Simms as follows: "We look in vain for any tendency or disposition here upon the part of the people to increase the power of the Federal Government by minimizing their own." Apparently Mr. Simms has not looked carefully enough. There are many signifi-

cant tendencies which he might observe were he not like many others so much predisposed to regard a Constitutional Amendment as impossible of attainment. There are numerous indications here and there which at least show that people generally are becoming aware of the enormous economic loss and the friction which are occasioned by so many conflicting governmental jurisdictions.

An important instance is the action of the Republican State Convention held in Worcester, Mass., on October 3, 1914. This convention by a unanimous vote adopted a plank in the party platform favoring "Such changes in the Federal Constitution and laws as are necessary to secure National charters for interstate corporations." Is there any business whose operations and conduct are so necessarily interstate as insurance?

Again, Charles T. Terry, President of the conference of commissioners on uniform State laws, in an elaborate review of present conditions said, "If we are to be and remain a Nation, the rights of citizens must be clear and uniform throughout the various sections of this country so far as those rights are of an interstate nature. Either this or our system of government is a failure."¹⁸ He adds, "The business world is wearied with the harassing taxation of different jurisdictions upon the same subject; the conflict of jurisdiction has become accentuated in many directions and unless the people can be convinced that the breaking down of our theory of State and Federal legislation will in the end prove disastrous to well-ordered liberty, the end of State jurisdiction on many matters of social and business importance will not be long delayed."¹⁹

So also, the *New England Grocer and Tradesman* recently printed an article on food laws with this caption: "Wholesale Grocers Advocate Federal Control,"²⁰ and an Associated Press dispatch reported the President of the American Meat Packers Association as predicting that every industry in the country would sometime be under Federal supervision.²¹ No search has been made to discover instances of dissatisfaction with the complications which arise from the regulation by the States of interstate matters. These few illustrations simply have happened to attract my attention.

I am convinced that much thought in quiet studies is being given to the expense and loss of effort involved in maintaining, in our day of quick communication and travel, local governments over a citizenship which in a large and ever increasing part is not local in interest, in property or in social life. Professor Gray of Harvard is one of these. He pays his respects to the injustice which arises out of the opposing views on the administration of trust incomes by neighboring States, in the following language: "Now I am not here considering any practical advantages resulting from this state of things nor how far it is the natural and necessary

consequence of our complex form of government. But certainly from a scientific point of view nothing could be more shocking. It seems a recurrence of barbarism, to the times when Burgundians, Visigoths and Romans living beside each other had their own separate and tribal laws."²²

We may reasonably feel that it is only a question of time when the States of our Union will be invited by Congress to adopt this or a similar Constitutional Amendment.

The absence of a time limit in which must be obtained the needed 36 affirmative votes of the States is greatly to our advantage. The favorable action of a single State should content us during the first year of the agitation. The greatest and most important step of all has been taken when a beginning is made. To gather in the remaining States becomes then merely a matter of time and effort. We may assure ourselves that in this campaign we will not be fighting the wind. All work will count towards the desired result.

In conclusion I must say that I have never felt impatient with the United States Supreme Court for discharging its duty in interpreting our present Constitution according to the best light and understanding its members could apply to the issue. After all, it was hardly fair to put upon the Supreme Court the responsibility of re-making our constitution on this point. That function and the responsibility of performing it belong to our great national citizenry. It is my deliberate conclusion, arrived at after such consideration, that the country will sometime discharge the duty it owes to its people by relieving the great business or commerce of insurance from an annual burden of approximately \$20,000,000 in taxes and impositions and the loss of time and energy at present required in complying with the diverse and independent requirements of forty-eight governments.

And now, before concluding, let me read to you from the Fourteenth Amendment to the Constitution of the United States:

"All persons born or naturalized in the United States and subject to the jurisdiction thereof, are citizens of the United States and of the State where they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty or property without due process of law, nor deny to any person within its jurisdiction the equal protection of the law."

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17. Vol. XCL 16 (October 17, 1914).
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NATIONAL SUPERVISION

BY CHARLES F. COFFIN

Vice President, State Life Insurance Company

I wish to present a condition rather than to make an argument.

There lie before me, as I write, three extraordinary papers on the subject of National or Federal supervision of insurance.

The earliest of them was delivered at a meeting of the Boston Life Underwriters' Association in 1904 by the late Mr. John F. Dryden, the then President of the Prudential Insurance Company of America. The writer, a man of great ability and wide experience, admittedly held a brief for National supervision. It would be difficult to find anywhere else a clearer or more forceful statement of the evils and inconveniences resulting from State supervision, whether relating to evils then existent or that would likely

come to pass; and it is quite certain that nowhere else will there be found so hopeful a view of the early adoption of National supervision. One brief paragraph of the address, illustrative of this point of view, is as follows:

“The time is near when favorable Congressional action may be expected to put an end to what has become an intolerable situation to the insurance companies.”

That was eleven years ago.

The second of these papers was delivered at a meeting of the Association of Life Insurance Presidents in December, 1913, nine years after the first, by Hon. Burton Mansfield, Insurance Commissioner of the State of Connecticut. And for a careful, judicial, painstaking examination of the subject, pro and con, this address is without a superior.

The subject is broadly considered from the standpoint of advantages, disadvantages and obstacles. The advantages of National supervision are as clearly and forcibly set out as are the disadvantages of State supervision in the first of these papers. The elimination of over and conflicting legislation, undue expense and excessive taxation, the securing of a uniform insurance code, the adoption of one official report, one official examination, the avoidance of duplicate printed matter, the establishment of a single source of information to the policyholders, of a single and uniform method of valuing life insurance policies, a more consistent and scientific method of taxation, the abandonment of the present vindictive system of retaliatory legislation on the part of one State against the statutory requirements of other States and the ultimate result of uniform judicial decisions of the courts of the various States touching life insurance questions, these and possibly some other supposed advantages are distinctly enumerated, and plausibly advocated.

The disadvantages set out, though not in all cases personally endorsed, include the fear that a single department would be more easily influenced and more readily swayed by a select coterie of men working together for that purpose, that a single department could be brought more easily under political control, that the present opportunity of withdrawing from a State as a relief from iniquitous legislation or official oppression would be swept away and that National supervision of many other business interests would of necessity follow National supervision of insurance.

The enumeration and consideration of the obstacles to National supervision constitute, perhaps, the most valuable and suggestive part of the paper. The obstacles are classified as the practical, the political and the legal, and it is frankly stated that the obstacles to National supervision do not so readily yield to reason as the disadvantages named. The writer expresses his own preference

for National supervision in the place of State supervision, but does not indulge any strong hope for the change. In discussing the obstacles to National supervision, he makes a good deal of the question of the growth of State power which has become so firmly established, these latter times, and significantly says:

“It would seem as if from this point of view there were to-day less chance for the introduction of Federal supervision than there was half a century ago.”

Of the probability of securing National supervision by means of an amendment to the Constitution of the United States, the writer gives his opinion in a single sentence, as follows:

“The people of the United States are not going to amend the Constitution just to bring about Federal supervision of insurance.”

The third paper of the trilogy heretofore referred to was delivered before the American Life Convention in October, 1914, by Dan W. Simms, General Counsel of the Lafayette Life Insurance Company, and is an avowed and forceful argument against the desirability, even the practical possibility, of National supervision being achieved by any means whatsoever. The opening paragraph of this paper is comprehensive, not to say sweeping, and is as follows:

“If every insurance company, every policyholder and every insurance organization in the United States were agreed in a demand for exclusive Federal supervision; if Senator and Representative of the Federal Congress had voted as a unit upon the passage of such a law, committing the whole subject of life insurance to Federal supervision, to the exclusion of State supervision, and the President of the United States had affixed his signature to the bill, we should yet be no nearer exclusive Federal supervision than we are to-day.”

The paper, as a whole, is a masterly one. It was written by a lawyer, primarily for lawyers, and is consequently devoted in large part to an examination of the decisions of the Supreme Court of the United States on the subject of the relation of insurance to commerce. As a collection and analysis of the decisions of this court of last resort on this interesting topic, the paper leaves nothing to be desired.

One, wishing to make a thorough study of the subject of National supervision in all of its ramifications, cannot do better than begin by a careful examination of these three papers. Practically every difficulty of State supervision and every supposed advantage of National supervision, and every obstacle to National supervision are set out in extenso. Besides, these papers constitute a notable

and valuable summary of the history of the agitation for National supervision during the past fifty years.

As it is my purpose to make this a so-called practical paper, rather than an argumentative one, I feel that the greatest service I can render to the real students of the subject under discussion is to emphasize the value of these papers and to commend them to those who may not have read them. After a careful study of those addresses and of all the available literature on the subject and, taking into consideration the fact that the agitation for National supervision of insurance has been in progress for more than half a century and that it has had for its champions some of the ablest men the country has produced, one will be compelled to the conclusion that the progress from State toward National supervision has been insignificant. We may have thought that we were marching, but we were only marking time. Personally, I am firmly of the opinion that we are substantially farther away from National supervision to-day than it appeared we were two years ago; that what might be termed the high tide of opinion in favor of National supervision was reached about that time; and that then a strong countercurrent of opinion set in and has been gathering force ever since. The decision in the Deer Lodge case, the clear and logical addresses of Commissioner Mansfield and Mr. Simms, widely read as they have been, and the subsequent unanimous adverse action of the American Life Convention, an organization composed of one hundred legal reserve life insurance companies, domiciled in thirty-three States, have had much to do with this change of view and have no doubt driven home to many thoughtful minds the conviction that National supervision of insurance, after all, is largely an academic question.

If National supervision shall ever displace State supervision it must wait until the Supreme Court of the United States shall reverse its numerous decisions that insurance is not commerce nor an instrumentality of commerce and therefore is not subject to supervision at the hands of Congress; or, it must abide the adoption, ratification and the judicial sanction of an amendment to the Constitution of the United States, giving Congress the exclusive authority to supervise the business of insurance. It is unlikely that the youngest man here will so nearly approach the age of Methuselah as to behold the consummation of either one of these events.

What is there in the decision of the Supreme Court from the case of *Paul v. Virginia*, determined in 1868, to the Deer Lodge case, decided in 1914, that affords any ray of hope that this court will ever judicially declare insurance to be commerce? Over and over again has the court held to the contrary, each time, if possible, announcing its views with greater vigor and elaboration than in the former cases, and finally extending those views so as to cover the whole realm of insurance business, fire, life, marine and casu-

alty. The very latest direct expression of this tribunal, as set out in the now celebrated *Deer Lodge* case, involved a careful consideration of all previous cases—a consideration and examination made out of special deference to the ability and earnestness of counsel—and as a result of this searching and analytical review of past decisions, the court reached, if possible, a more irrevocable affirmation of the doctrine, that insurance is not commerce and therefore cannot be controlled by congressional legislation, than had been announced in any previous case. It does not seem at all likely that the United States Supreme Court will ever reverse that decision.

The more recent case of *Thames and Mersey Marine Insurance Company v. United States*, decided April 5, 1915, at first blush may appear to announce a different doctrine. This case declared invalid the stamp tax under the War Revenue Act of June 13, 1898, upon marine policies insuring cargoes against the hazards of the sea during the voyage from State ports to foreign ports, as being in substance a tax upon exportation and hence contrary to the United States Constitution, prohibiting any tax or duty on articles exported from any State. This decision, on a superficial reading, seems to hold that a policy of marine insurance cannot be taxed for the reason that such a policy is a necessary instrumentality of commerce, and in such an event the decision certainly would be in conflict with the case of *Paul v. Virginia*. Some of the advocates of the doctrine that insurance is commerce have naturally and quickly seized upon this decision as an indication that in time the Supreme Court will be compelled to reverse itself and to hold that insurance is commerce. But a closer examination of what the court actually decided and of the careful way in which the insurance cases were referred to and distinguished will render it very certain not only that the views of the Supreme Court have undergone no change, but that no change is at all to be hoped for.

And upon what theory indeed is it even supposed that any change will occur and that a reversal of the case of *Paul v. Virginia* and of the subsequent case can ever be had? Is it because the business has grown to such an enormous extent? Because it has become really national? Is it because it is so closely related to great financial interests of every kind and that the business of insurance has been extended in a way and to a degree never dreamed of at the time of the celebrated decision of *Paul v. Virginia*? These seem to be the main reasons for the hope of those who still think relief may be had through the Supreme Court. About eleven years ago the President of the United States in his annual message to Congress said:

“The business of insurance vitally affects the great mass of the people of the United States, and is national and not local in its application. It involves a multitude of transactions among the

people of the different States and between American companies and foreign governments. I urge that Congress carefully consider whether the power of the Bureau of Corporations cannot constitutionally be extended to cover interstate transactions in insurance."

But the Supreme Court has seen fit to indicate that the size of a business in no way determines its inherent character. Growth, expansion, intimate relationship to other enterprises, these are important, but they can have no influence in determining or altering the inherent qualities of insurance. No growth or expansion of the live stock business, for instance, will ever convert a hog into a horse, and no more extension of the business of insurance will ever transform its personal contracts into commercial commodities.

Since insurance is held not to be commerce, National supervision, through Congressional action, can never be achieved except by way of an amendment to the Constitution of the United States; and what are the probabilities of securing such an amendment?

The obstacles are both practical and sentimental. From one standpoint it seems almost like laying unholy hands on the Ark of the Covenant to ask the Congress of this great Republic to adopt an amendment to the organic law of the land merely to bring one non-commercial branch of business under Federal control. Except as the proposition is somewhat redeemed by the tremendous volume of such business and by the genuine ability and sincerity of the eminent men who have been and who are now foremost in the advocacy of such an amendment, the suggestion would not receive serious consideration at the hands of any Congressional committee.

But suppose the unexpected should happen and that the present pending amendment to the Constitution, or some other, should be adopted by Congress, what then? What are the probabilities that such an amendment would be ratified by three-fourths of the States of the Union? In this discussion it is always assumed that no one contemplates or desires both National and State supervision, and it becomes quite pertinent therefore to ask what are the probabilities that the requisite number of States will voluntarily surrender their present right over insurance corporations, foreign and domestic, to the Federal government? What States in the Union would be likely thus to forego the enormous revenue, the political prestige, the local pride, now resulting from State supervision? What States would be likely to augment the power of the Federal government over their created institutions by clipping the wings of their own sovereignty? It may well be doubted whether a single State would vote to ratify such an amendment; but, in any event, so sure as the genius of our dual government is what it is, so long as human nature is what it is, so long as practical politics is what it is, the idea that three-fourths of the States of this Union would vote to approve an amendment to the Constitution of the United

States, having for its single purpose the placing of one species of business under Federal control, scarcely rises to the dignity of the late Kansas statesman's "iridescent dream."

Desiring to make this discussion as useful as possible and to present to the World's Congress of Insurance an exhibit of present day public opinion, I addressed a brief letter to the legal reserve life companies, to the domestic fire companies, to the domestic casualty companies and to the insurance commissioners, asking simply whether at this time they were for or against National supervision.

I wish here to express my obligation to all who, by their prompt and courteous replies, assisted in the preparation of a sort of composite photograph of the present state of public opinion touching the matter of National supervision. It will, perhaps, be more suggestive and instructive to separate these replies into classes before calling attention to them as a whole. Of replies received from insurance commissioners, 81 per cent were in opposition to National supervision and much of this expressed opposition was quite emphatic. Of replies received from fire and casualty companies, 58 per cent were adverse to National supervision. Of the replies received representing life insurance companies, and these replies came from all parts of the country and from companies of all ages and sizes, 62 per cent were emphatic in opposing National supervision. One insurance commissioner had no opinion on the subject, one way or the other. Of the replies from all sources, taken as a whole, 62 per cent were in favor of State as against National supervision.

In many of the letters received were clear and convincing reasons given for the views expressed, but time forbids any adequate reference to these, even though they would throw a flood of light upon the undiscussed phases of the business of insurance and of the real motives lying back of many conflicting views touching the great subject of insurance supervision.

This altogether hopeless conflict and difference of opinion is another factor in the proof that National supervision is an impossibility. But even though National supervision be not attainable, its most ardent advocates need not despair. The alternative does not lie between National supervision and ruin. State supervision is not the cause nor would National supervision be the cure of all of the ills that to-day afflict the insurance business.

"The fault, dear Brutus, is not in our stars,
But in ourselves, that we are underlings—"

wrote the master mind of the world; and it is not so much on account of its externals but on account of its internals that insurance to-day is bearing so many unnecessary burdens. It is not in our State departments and our numerous State legislatures, any more than in the selfish and individualized points of view of our

home offices, that we must seek the origin, the starting point of many of the arbitrary departmental rulings, much of the conflicting legislation and a large part of the unwise and unreasonable taxation that go to make up what has well been characterized as the "intolerable situation" of the insurance companies. We have large unperformed internal duties and large unused internal opportunities which as yet have been but inadequately grasped. We are learning, though, all too slowly; we are improving, though altogether too much at the speed of the tortoise. But we will not fail; we will reach the goal.

In the insurance business and in the insurance departments are men of high talent and influence, wide experience and constructive skill and, when this combination of power shall be harmoniously focused in sympathetic coöperation for the proper development of our colossal enterprise, startling things will come to pass. What conflict of laws could not be removed, what iniquities of taxation could not be corrected, what duplication of labor and expense could not be prevented, what retaliatory legislation could not be repealed, what unreasonable arbitrariness in departmental rulings could not be eliminated and, in time, what substantial uniformity of legislation could not be secured if all of the talented men engaged in the insurance business, if all insurance organizations of every kind and character, if all of the insurance commissioners could realize the practical value and tremendous power of hearty and sympathetic coöperation for the purpose of achieving a given end!

No form of supervision, State or National, can accomplish everything. No form of supervision can reach the attitude of vigorous and ambitious men toward their fellows. Supervision can never abate vicious competition or dispel that insidious, though unexpressed, lack of confidence which too often we feel toward our associates, and from which heads of insurance departments are not entirely free. Law is not a reformer. It is but the concrete and formal expression of reforms already accomplished in human thought and feeling.

But it is not with a picture of difficulties or shortcomings that I wish to close this address. Rather would I present a picture, fragmentary though it may be, of what can assuredly be brought to pass by a skillful treatment of the ills we have rather than by flying to others that we know not of.

Ten years more of such tremendous strides of progress toward the proper supervision of insurance as have been made in the last decade by the work of the National Association of Insurance Commissioners, of the Association of Life Insurance Presidents, of the American Life Convention, of the National Association of Life Underwriters and of all the other similar associations, State and National, and most of the grounds of complaint so frequently heard to-day will have passed into history. Just three things, and

only three, are required for this much hoped for consummation. The first of these is coöperation; the second is coöperation; and the third is coöperation.

GOVERNMENTAL OBSTACLES TO INSURANCE

BY DAVID STARR JORDAN

Chancellor, Leland Stanford, Junior, University

I have been asked to speak on the topic of 'Governmental Obstacles to Insurance,' not that I have any special knowledge of the topic, but because these obstacles form part of a system of discipline with which I have had some experience and in which you may find something of interest. The obstacles in question are those of compulsory State insurance, a paternal arrangement which safeguards the worker without any will or initiative of his own or even against his purpose. The insurance premiums are not a gift, but a forced withdrawal of some portion of the workman's earnings, and the need to preserve his claim to these savings serves as a safeguard to prevent him from wantonly leaving his job. Naturally this system, with the accompanying system of old age pensions, tends to take the virtue out of personal care for the future by throwing the responsibility on the state. Naturally also, it interferes with the normal working of Insurance arrangements, for these appeal to individual initiative and forethought. These thrive best in an atmosphere of freedom, while the systems of State insurance and old age pensions deal with men and women mainly as cogs in the wheels of a great industrial machine.

We all recognize in theory, at least, the value of some sort of discipline. This involves an orderly use of one's powers and a willingness to subordinate our whims or our interests to some general system related to the common welfare. Discipline implies obedience, and the different types of obedience indicate the nature of this discipline. We may recognize three classes of discipline of grown men. These we may differentiate as Democratic, Social, and Paternal. Under the democratic discipline each man is responsible to himself for his own guidance. The period of preliminary education past, he chooses his profession, his own ideals, his own place in the world. Democracy means opportunity, nothing more. It opens the whole world before each man, and so much of it is his as he has the wisdom, the strength and the patience to take. This life is not successful unless he has the wit, the soberness, the virtue to make it so. If he has the chance to rise, he has also the chance to fall. He is not held in his place by dull averages. If he is able to develop no ideal, if he wastes his strength in dissipation or vice, if he is one of the unfit in the struggle for life, he must in some degree take the consequences. Under a democracy, the

government is simply the coöperation of the people for mutual aid, to achieve those needful results which are beyond the reach of private effort. Its main duty is summed up under the head of justice. And under this head come sanitation, education, the conservation of resources, the making of roads and public buildings and the maintenance in national and international relations of law and order, those conditions which permit of progress, of normal effort and happiness, which we call by the general name of peace.

What I call social discipline arises through obedience to ideals formed in coöperation. One's inspiration arises not primarily from within but from the thoughts and needs of his neighbors. At its best, the social discipline is an outgrowth of the democratic discipline. It is through its agency that the great coöperative efforts of our race are achieved. To work for the Nation is not the same thing as "to hold down a government job." The vulgar attitude towards public affairs is found in all nations—the most pronounced in those least advanced and least democratic. But a sense of social service is one of the best incentives to personal efficiency. It is this sense which has vivified the fight against yellow-fever, the Bubonic plague and the multitude of minute organic pests which we know by their efforts as infectious disease. It is the impulse of social service which has built the Panama Canal, which is restraining the floods of China, which is healing Serbia and feeding Belgium, which in every nation in its degree is fighting against the War System, its theory and its results.

The social discipline must rest on some system of voluntary coöperation. It cannot be enforced from without. Its purpose cannot be accepted as a substitute for achievement. In any form of enforced coöperation, the fine spirit of social service is lost somehow in the governmental machinery. Thus far the communistic state has been successful only as a theocracy or a tyranny. And a state ruled over by a detached few is not coöperative: nor can it be democratic or just.

The paternal discipline is that applied to the people of a nation from the outside. The people are chattels of the state, having no control over its actions, the state having a glory and a prosperity wholly independent of the prosperity and happiness of its people. And by the same token, its rulers must govern by divine right, else they could have no sanction at all. There are but two sanctions for government, the one the will of the people, the other the divine right by which the reins of power were snatched from the people before they were born.

Under paternal discipline, the citizen has no rights save those accorded to him by his overlords of the state. The forms of democracy under paternalism are forms only useful to keep him amused while his neighbor peoples work out their experiments in liberty.

Most men in every nation are laboring men. In democratic discipline in his degree, each man chooses his place of labor, and rises or falls according to his own ability, fitness or training. A low estate at birth is no bar to his future exaltation. It is the essential feature of the paternal discipline that most men stay where they are put. Freedom is defined as that of cheerfulness which results from satisfaction at having any place at all in a world which is said to be overpopulated.

The son of a working man finds himself in face of a multitude of trades. He is sent perforce to a trade school, and is relieved from the menace which threatens unskilled labor. The fees are low, as is also his capacity for paying them. The differences among men are reduced to their lowest terms. He finds himself in some definite niche in the industrial machine. Government Intelligence offices find his place for him. Government insurance keeps him there. He cannot well fall below his class. He cannot easily rise above it. For his modest future he must depend on his savings, not on promotion. The university, the professional school are out of his reach, except in the rare event of being a born prize-winner, or the equally rare possibility of marrying rich. It is blue-blood, not red, that mostly attracts heiresses, the world over. Universal compulsory education, technical as well as academic, forms part of the paternal system and this saves even the weakminded from absolute incompetence. Three years of military service, under graduates of the barracks, break the individual will and leave a docile subject in all further discipline. In its "unescapable" stimulus to patriotism, it fits its subject to obey the orders of higher authority without asking for reason why. The industrial value of such discipline is plain. The employer can count on skilled labor and labor that is well drilled and mostly free from the noxious spirit of individualism. To escape from his industrial position usually brings only discomfort and failure if nothing worse. The feeling of injustice works itself out in vague grouches and vaguer unrest, not in those positive efforts for change which threaten industrial serenity in nations which encourage private initiative.

In Prussia, it is said, a citizen has three duties, "Soldat sein: steuer zahlen; mund halten" ("be a soldier; pay taxes; keep the mouth shut"). These are simple and they do not encourage initiative. Nothing is said about eternal vigilance, which as we know, is the price of Liberty. Under this system Liberty gives place to security, and being a soldier, this security is precarious, for the business of the soldier is war.

Under universal conscription the individual loses his rights without acquiring duties. The task of the soldier is not his own nor that of society. He is held in subjection to a central power. In this discipline the people exist for the welfare of the state, the highest purpose of the nation being that of collective efficiency.

The workman has, therefore, the choice between the docile acceptance of a fate not wholly intolerable and revolt with certain misery. State insurance against poverty, unemployment or old age guard him against total failure and at the same time cut the nerve of any effort to gain such security for himself.

"The various forms of labor insurance alone," says Price Collier, "in Germany cost the state over \$250,000 a day. . . . No wonder that between the case of a grandmotherly state and the attentions of a subservient womankind the male population increases. . . . Nowhere has socialistic legislation been so cunningly and skilfully used for the enslavement of the people. No small part of every man's wages is paid to him in insurance, insurance for unemployment, for accident, sickness and old age. There is but faint hope of saving enough to buy one's freedom and if the slave runs away he leaves, of course, all the premiums he has paid in the hands of his master."

The difficulties which beset the common man in trying to rise from his class—to enter one of the learned professions or the sublimated caste of the army—deter all but the most gifted from ambition for advancement. Only real genius for scholarship or for money getting can break the bonds of caste. This system minimizes the miseries of poverty, while at the same time it checks initiative and independent thought in the mass of the people. To say that "it solves the problem of poverty" is to mistake veneer for reality. The body of the people under paternal discipline in any country are miserably poor, and the lot of those outside ranks of skilled labor is pitiable in the extreme. There is no solution of the problem of poverty which takes away the need of each man to try to solve it for himself.

There can be no true greatness of a state except through the greatness of the human units for whose welfare the state should exist. The whole world suffers to-day—from the domination of a great state over a people which has lost the power of self-direction and which has abdicated the duty of government, abandoning them to the will of a military aristocracy, whose chief concern is anything save the welfare of the people.

The subordination of individual freedom to a prearranged efficiency naturally culminates in the organization of fluid force as military power, the extreme opposite to democracy. The individual under martial law has no opinions, no rights, no existence save as a fragment of humanity to be used by the state at its will. The soldier exists for war and war is the failure of government in its highest functions. In the words of Havelock Ellis, "To glorify the state is to glorify war, for there is no collective operation which can be so effectively achieved as war, and none which more conspicuously illustrates the sacrifice of the individual to the nation."

It is for this reason that militarism has been through the ages

the right arm of privilege, as the state church, the form of religion which ignores the individual man, has always been its left arm.

Writers of the day frequently contrast "Germany's success in solving the problem of poverty" with "the wretched condition of England's poor." It is said that "England has the most ungrateful and laziest poor to be found in any land," and these poor are said to be as unpatriotic as they are lazy. They are blind, too; for the pauper vote of England is almost solidly opposed to the efforts of those who would use public action in betterment of their condition.

From this it is argued that as England is a land of freedom while Germany is a land of efficiency, the ideals of freedom need reconsideration in the direction of paternal discipline.

Miss Prestonia Mann Martin observes: "The two forms of government are to-day on trial. The watchword of democracy is freedom. The watchword of paternalism is duty. Followed to their conclusions, one leads to anarchy, the other to its opposite, socialism. One tends to decentralize government, the other to centralize it. One aims at individual independence, the other at national efficiency. One places the highest value upon freedom, the other sacrifices freedom for the sake of order, system, power, security."

This analysis is true, so far as it goes, but the end of democracy is not freedom, nor yet opportunity, the two meaning much the same thing. The ideal is also duty, but duty self-imposed, or arising from a feeling of the needs of society, not duty imposed from without.

The need of Great Britain as I see it is not more governmental system. The "sodden misery of the London slums, the horrors of the black country," the exhaustion of the countryside, the failure of the yeomanry, these call for more freedom, not for paternalism. "The inevitable toll of corruption and incompetence" is not a result of freedom. Its historic roots lie in the struggle for imperialism. They can never be absent under any form of government, so long as men are greedy or incompetent. The predatory rich and the desultory poor occur under all forms of government and in some fashion or other; the one will feed on the other and both are parasitic on the common weal.

The men who stand for more freedom in England are the men most eager to do away with needless misery and sorrow. The evils in British society are not results of democracy, but legacies of the era of aristocracy, paternalism and imperialism. British polity still rests on inequality before the law. The statute of primogeniture thrusts the hated principle of precedence into every family. The state church discriminates against personal religion. The governmental effort not long ago to strengthen the landed aristocracy gave to England and Scotland their insoluble land problems. Only in very recent years has the free school found

place in Great Britain. The holding of India at the public cost for private exploitation has enriched a very few at the expense of the very many. The wars in India and Africa exhausted in large degree the British yeomanry, while those whom war could not use slid down the line of least resistance into the slums of the great cities. There they have bred generations of like incompetents in an atmosphere of drink and vice. The young men of parts have been used and used up by the thousand in the colonial service. The weaker elements have multiplied while fine strains have been destroyed.

The liquor interests have filled Great Britain and Ireland with race poisons, and these in aristocratic times waxed so powerful that the democracy has as yet failed to dislodge them. In brief, the ills, political and social, of Great Britain have nowhere their origin in democracy, but in governmental abuses and inequalities against which British democracy, one of the strongest and most devoted of all world forces, is manfully struggling. And the most disastrous of all elements of evil, the War System, is wholly undemocratic. It has been brought on, not because democracies are "loosely organized, careless and disorderly," but because "compact brotherhoods which have been welded into a family-nation by the fostering care and the strict discipline of a paternalistic government" have become politically so incompetent that they are driven like sheep into a war which they did not want, which could bring them nothing but ruin and which in its inception and consummation constitutes in itself the most heinous crime ever perpetrated in the history of Christendom. And all this at the dictation of a very few men whom even yet the nation has failed to identify. When the whole story is told, the lesson we must read is that the remedy for the shortcomings of freedom is more freedom, that personal initiative counts more, even in national enterprise, than any form of enforced efficiency, that the need of free states is not less freedom but more justice, for justice sets men free, and that the worst possible test of a nation's greatness is found in the mischief she can do to her neighbors, in blind leading of the blind to the field of battle. That battlefields still exist is due to the failure of justice and therefore of individual freedom.

It is true, as has been stated, that "State socialism as Germany is demonstrating demands the price and then delivers the goods." But what terrible goods this system stands ready to deliver!

The democratic discipline, self-imposed by men who think and act for themselves is effective in making men, and it is the initiative of individual men which makes and marks history.

The social discipline which springs from individualism is effective in building up human society, and the inspiration which rises from the thought of coöperative help is the best antidote for the greed of unchecked and perverted individualism.

The paternal discipline provides in its degree for material comfort and security. It takes away the necessary incentive to every man to solve his own problems. In a free state, the sober and honest working man should be free to abolish his own poverty, to enhance his own security or that of his family through insurance—or at his own discretion to let it alone.

OPENING ADDRESS OF CHAIRMAN

ROLLA V. WATT

Manager, Royal and Queen Insurance Companies

It was a happy idea on the part of the promoters of these great conservation congresses to bring together two associations—the International Peace Congress and the World's Insurance Congress. Hand in hand these bodies move forward in their effort to promote the happiness and well being of mankind. Helpless as in the present situation we seem to be, nevertheless we believe the influences of such organizations as these represented here will prove effective.

This is a joint meeting of the World's Insurance Congress and the International Peace Congress. There are 115 organizations represented in the World's Insurance Congress, 24 of which are of altruistic character, if indeed all of them may not be said to be of such a class. May I name a few of them by way of illustration? The American Peace Society, of which Dr. Jordan is the President; The American Mine Safety Association, The American Museum of Safety, The American Society for the Prevention of Force, the Bureau of Commercial Economics, Health & Life Conservation Bureau, The National Safety Council, the Safety First Federation, The Association for the Study and Prevention of Tuberculosis.

The program of the World's Insurance Congress contains a sentence worth considering. Through the performance of its functions of indemnifying for loss, insurance has become the great agent of prevention—the prevention of fire, accident and disease. The prolongation of life means the elimination of waste or less, which in turn means the addition of hundreds of thousands of lives and hundreds of millions of dollars to the wealth of the nation every twelve months. Fire insurance distributes the losses of the few—relatively few—among the many, minimizing the burden; workmen's compensation removes the curse of poverty from the home of the unfortunate workman—individual workman distributing the financial burden equally among the great body of the people; life insurance touches life, proves a money-saving proposition for those who accept its benefits, and is a means for relieving public charity.

And now, turning more directly to the work of this hour, we are met to-day in joint session with these great peace organizations, devoted to the education of the world in the arts and advantages of peace. The character of the men who are to participate and the scope of the topics to be discussed command the respect and the enthusiasm of all good citizens. We are to be congratulated upon having such men from all over the country as are to participate in this program.

INTERNATIONAL INSURANCE

BY PROFESSOR JOSIAH ROYCE

Harvard University

I venture, as a member of the World's Insurance Congress Peace Day Committee, to call attention to the fact that an International Insurance Congress might well gain some profit for the ideals which it represents, and for the cause of the world's peace, if it made some use of the opportunity which a conference of so large and authoritative a body furnished, to give due place to some consideration of the question whether the time is not near when a beginning might be made in introducing into international relations that principle of insurance which the experience of the last century has shown to be so fruitful a factor in promoting the cause of peace and of mutual understanding, as well as of wide and potent coöperation in the social life of individual nations.

I am aware how little right I have to speak authoritatively about many of the social and about all of the financial problems which every great extension of the insurance principle necessarily involves. I have no wish to take up the attention of your Committee, or any of the committees of the Congress, in listening to any suggestions of my own. But since you have so kindly asked me to be a member of your Committee in connection with the Peace Day, I should fail in my duty as such member of your Committee, and should also miss an inestimable privilege, if I did not make use of this chance to mention very briefly my reasons for believing that some practical beginning in International Insurance are already possible, that the general principle of international insurance could already be introduced into some international relations, and that the least beginning of any practicable form of international insurance would be sure to lead to further progress in the same beneficent direction. A beginning once made in applying insurance to any sort of international business, progress would be inevitable. New forms of such international insurance would be invented. Every new form of insurance would mean a new and practically important form of international business, and of busi-

ness that could be kept in great measure free from diplomatic, from political, and consequently even from judicial controversies. The consequence would be that there would exist more and more international relations of a type which, if possible at all, must be indirectly productive of peaceful activities and interests, and of concerns which would be at once what all the developments of insurance have in their combination proved to be in social life,—namely, at once businesslike and ideal, at once humanitarian in their sentiment and practically effective in their social results.

The insurance principle in the life of individual nations has recently tended to take on many new forms. For instance, social insurance grows daily more significant in the development of civilization. The World's Insurance Congress at San Francisco will devote much attention to social insurance, as well as to other recent applications of the insurance principle. Some of these applications are already, so to speak, almost automatically international in their bearings. And that is why International Insurance Congresses, intended to compare and to spread information regarding the various new developments and applications of the insurance principle, have already been held, and have proved fruitful for the common interests of various people. A definite plan whereby a group of nations could be profitably and practicably led to form insurance unions, wherein the nations themselves should be parties, has not yet been formed and recognized. I venture to urge that such a plan is not impossible, that if it were formed, and that if it were even in small measure adopted by any group of nations, a beginning could be made in what would in the long run prove to be a very powerful influence, both for human prosperity and for international peace.

I venture also to say that whatever influence a plan involving international insurance might exert, this influence, so far as the general cause of promoting peace is concerned, would be opposed to none of the other influences in which the advocates of the modern peace movements have heretofore shown an interest, and with regard to which they have entertained strong hopes. If any form of international insurance proves to be possible, it will in nowise tend, when put into practice, to interfere with the progress of international arbitration. It will in nowise tend to retard any other practicable movement which lends toward the federation of mankind. Insurance is consistent with any wise form of social constitution. It is a social influence essentially neutral in its relations to those issues regarding the best forms of national or international social organization, which form to-day the most controverted issues. The essence of insurance is that it is a principle at once peace-making in its general tendency, and businesslike in its practicable special application. I venture to say a word in explanation of this thesis.

The peace-making influence of the modern institutions which

embody the insurance principle is largely an indirect influence. People are induced to insure, with the hope, and, in successful cases, with the well-founded hope, of rendering less formidable their personal risks. As a result of insuring, they gradually find themselves involved in a social network of complicated but beneficent relations, of which individuals are usually very imperfectly aware, but by means of which modern society has been profoundly transformed. I believe that what is most essential about this network of social relationships is this: whatever a man consciously intends to do, when he insures his life, or his house, or his trustworthiness as an employee, or his health, or anything else that is his—the most important result which he accomplishes through an act of insurance is that he provides, not for the creature of a day called himself, but for a being called in general his Beneficiary. His beneficiary may be intended to be himself. He supposes himself to be insuring his house for his own sake. But as a fact every insurance policy is in favor of some beneficiary, that is, of somebody to whom the insurance is to be paid in case the insurance has to be paid at all. Now the man who buys the insurance is a creature of a day. But his beneficiary may be a man or a corporation, may be his creditor, or his employer, or his heir, or his assignee,—may thus be in the most varied and social relations to the insurer, who at the time when he insures need not, and in general does not, personally know what individual man will stand in the position of the beneficiary at the moment when the insurance has to be paid, if ever the policy requires it to be paid. With this beneficiary the insuring corporation links the person who purchases the insurance by ties which may be of the utmost importance for the whole social order. Thus the insurer builds for those who come after him in ways which may be as beneficent as for the whole social order they prove in the long run to be potent.

Because of these relations to the beneficiary, the people who purchase insurance tend to be linked to the whole social order. It is not merely that the mutual principle links the members of a mutual insurance company to their fellow members. The fact is that forms of social enterprise, types of social linking, unities of human endeavor—far-reaching social loyalties—are made possible through insurance, in a way that no other social institution renders possible.

Thus fire insurance makes possible, in a large class of cases, the advancing of capital towards the building of houses. The private individual needs a home, and borrows money to get it. In order to accomplish this end, he has to make the man who advances the money to build his house the beneficiary of an insurance policy. Thus fire insurance makes possible the building of countless homes that could not otherwise be built. Just because a man who means to acquire a home on an installment plan insures not merely his own house, but the risk which is taken by his creditor, whom

he makes the beneficiary of his policy, the home seeker, in vast numbers of cases, is thus linked, not merely to his insurance company and not merely to the fellow-members of some mutual insurance company, but to the whole world of organized capital upon which he, and such as he, depend for their homes, or for numerous other such social advantages.

In such instances the most potent influence of insurance is its indirect influence. Such instances can be indefinitely multiplied. A young man needs an opportunity multiplied and wins it through some form of fidelity insurance, in which his employer becomes the beneficiary of the policy. Thus fidelity insurance gives to countless persons an opportunity to win manhood and a place in the world, which would be impossible without such insurance. The possessor of a life insurance policy can offer in succession to various beneficiaries, what gives him credit or standing, or hope in the world, or opportunity to direct his life, in such wise that one ill-defines the extent of the importance of life insurance by confining one's attention to the fact that a man normally makes, in very many cases, some member of his own family the nominal beneficiary of the policy. What is essential to the situation, is that life insurance, like the other forms of insurance, links a man, through an insuring corporation, to his beneficiary, and therefore tends to link all men together by ties upon which social concord and consequent progress, daily more and more depends. And I insist that it is not merely the special sort of social unity, such as mutual insurance companies directly and obviously represent, which we have to consider. The linkage of a man through his insuring corporation to the being called his beneficiary, is one of the most protean, far-reaching and hopeful types of linkage yet invented. The principle of insurance has introduced, and will continue to introduce, a new type of social life into the whole human order of which we are members.

Now just because of this indirect influence of the insurance principle in those cases where it proves practicable within the life of single nations, I submit that it is perfectly reasonable to expect a vast, a gradually increasing, and in the long run an enormously potent influence, if once the principle of insurance is introduced into international life, in any one of the forms in which, as I believe, a genuine beginning is already possible. Here is no place to enumerate these possible forms. Let me say that various recent forms of social insurance, some of them already successful, certain of them promising soon to begin assuming definite shape, are of such nature that they obviously interest a good many different nations, interest these nations together, and will succeed in future, if at all, upon the basis of a conscious international co-operation. In future, insurance against strikes will become a valuable form of social insurance. Such insurance would be far nearer to becoming practicable if various nations began to co-

operate in some insurance enterprise of this type than it now is. Insurance against various migratory pestilences, such, for instance, as tuberculosis, could assume forms which would lead to international agreement tending to that definitive control, and possible future extinction of some such pests, which the world so much needs.

Such are but a few instances of possible matters that could be made, ere long, perfectly practicable matters for a businesslike international insurance, if only the lovers of peace and the experts in the new developments of the insurance principle were sufficiently and steadily interested in applying the insurance principles to these new fields. Such application of the insurance principle to international interests would not, if it began modestly and cautiously, imply any too great amount of altruism, or anything but good sense in dealing with great opportunities. Insurance agreement amongst the nations would not necessarily involve puzzling treaties, or new international rivalry, or new forms of arbitration, or new international tribunals. What would be needed would be the formation of something of the nature of an International Board of Trustees, with powers not political, and not judicial, but fiduciary. There would be ways in which such a Board could be selected, and its trustworthiness reasonably guaranteed. There would be ways in which the funds put into the hands of such trustees could be made reasonably safe against wars, and against predatory interests. The business of international insurance would be carried on through the sale of policies to the individual nations. The contracts required would be made by the insuring nations with the International Board of Trustees. The nations in question, without any controversy with the Board, could withdraw at pleasure, under suitable conditions, by simply surrendering their policies. Were such a Board once in existence, and did any group of nations, however small, once consent to make use of the services of the International Board of Trustees, the form of insurance in question might begin with any one of a great number of different possible interests and risks—risks natural and inevitable, risks social and moral, risks that could be gradually diminished through wise councils and mutual good will—risks such as would change as the ages passed. It is a fair induction from the actual and unexpected peacemaking influences of insurance in our present social life, that a form of insurance in which the beneficiaries belong to many different nations, and were through the insurance contract brought into constantly new and wholesome relations, would prove potent for peace and good will, and would tend to make more and more conscious from decade to decade, from century to century, the Community of Mankind.

I hope, therefore, that I am not too intrusive, if I venture, in answer to your kind appointment, to say to you that, in my opinion, it would be a very sad thing for the World's Insurance Con-

gress at San Francisco to let the opportunity go by which this extraordinary union of representatives of the potent principle of insurance presents—to let, I say, this opportunity go by to discuss or in some organized way to consider the possibility of a genuine and practicable beginning of some form of international insurance. The moment is in many ways unique in the world's history. The chance to make however slight a first step towards applying the principle of insurance to international affairs is too momentous for us simply to neglect it without failing in what I must suppose to be a genuine duty.

I have no right to ask you to give any close attention to the little book on "War and Insurance" which I shall ask my publisher to send to you as soon as possible after I dispatch to you this letter and memorandum. You and others will, I suppose, "little reck or long remember" what I say in this book. Regard it, I beg you, as a first attempt on my part to call attention to a subject which, I believe, must ere long become of genuine international importance. Some day the insurance principle will begin to get a genuine and conscious and practicable international application. When that beginning is once made, the nations will have added a very potent influence towards peace to the influences which already exist. The process of adding this influence may be slow, but whenever it begins, it will be businesslike, as well as ideally significant. To have suggested that the principle of international insurance can be made practicable, if sufficiently expert authorities, such as an insurance congress will undoubtedly bring together, give suitable attention to the problem—to have suggested this must constitute, at best, a very small service on my part, and may not constitute any justification for the place that you have so kindly given to my name on your list of members. But to have this possibility in mind, and to miss the opportunity which your kind letter gives me to call this possibility to the attention of yourself, and through you, of your Committee and of the Congress, to miss this opportunity, would be for me a crime. Shall so many wise minds be devoted to plans for the peaceful future of the nations, shall these wise minds be busy at this tragic and fateful moment with such far-reaching thoughts, and with such problematic plans for international union and concord as men nowadays discuss, and shall not one use this opportunity to call the attention of the Peace Committee of the Insurance Congress to the fact that the insurance principle in its present form is a great peacemaker; and that if internationally applied, through the wisdom and counsel of wise insurance experts, it may gradually prove peacemaking and humanizing over a far vaster field in the future?

WAR, BUSINESS AND INSURANCE

BY DAVID STARR JORDAN

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The complications behind the war in Europe are very many—ruthless exploitation, heartless and brainless diplomacy, futile dreams of national expansion, the restoration of a Holy Roman Empire with its historical equipment, temporal and spiritual (the “Mirage of the Map”), of national enrichment through the use of force (the “Great Illusion”), and withal a widespread vulgar belief in indemnities or highway robberies as a means of enriching a nation.

All these would represent only the unavoidable collision, unrest and ambition of human nature, were it not that every element involved in it was armed to the teeth. “When blood is their argument” in matters of business or politics, all rational interests are imperilled. The gray old strategists to whom the control of armament was assigned saw the nations moving towards peaceful solution of their real and imaginary difficulties. The young men of Europe had visions of a broader world, one cleared of lies and hate and the poison of an ingrowing patriotism. After a generation of doubt and pessimism in which world progress seemed to end in a blind sack, there was rising a vision of continental coöperation, a glimpse of the time when science, always international, should also internationalize the art of living.

Clearly the close season for war was near at hand. The old men found means to bring it on and in so doing to exploit the patriotism, enthusiasm, devotion and love of adventure of the young men of the whole world.

The use of fear and force as an argument in politics or in business—this is war. It is a futile argument because of itself, it settles nothing. Its conclusion bears no certain relation to its initial aim. It must end where it should begin, with an agreement among the parties concerned. War is only the blind negation, the denial of all law, and only the recognition of the supremacy of some law can bring war to an end. In time of war all laws are silent as are all efforts for progress, for justice, for the betterment of human kind. If history were written truthfully every page in the story of war would be left blank, or printed black, with only fine white letters in the darkness to mark the efforts for humanity, which war can never wholly suppress.

In this paper, I propose to consider only economic effects of this war and with special reference to the great industry which brings most of this audience together, the business of insurance.

The great war debts of the nations of Europe began with representative government. Kings borrowed money when they could,

bankrupting themselves at intervals and sometimes wrecking their nations. Kings have always been uncertain pay. Not many loaned money to them willingly and only in small amounts and at usurious rates of interest. To float a "patriotic loan," it was often necessary to make use of the prison or the rack. With the advent of parliaments and chambers of deputies, the credit of nations improved and it became easy to borrow money. There was developed a special class of financiers, the Rothschilds at their head, pawnbrokers rather than bankers, men able and willing to take a whole nation into pawn. And with the advent of great loans, as Goldwin Smith wisely observed, "there was removed the last check on war."

With better social and business adjustments, and especially with the progress of railways and steam navigation, with other applications of science to personal and national interests, the progress of borrowing became easier, as also the payment of interest on which borrowing depends. Hence more borrowing, always the easiest solution of any financial complication or embarrassment. Through the substitution of regular methods of taxation for the collection of tribute, the nations became solidified. Only a solidified nation can borrow money. The loose and lawless regions called Kingdoms and Empires under feudalism were not nations at all. A nation is a region in which the people are normally at peace among themselves. In civil war, a nation's existence may be dissolved.

In all the ages war costs all that it can. All that can be extorted or borrowed is cast into the melting pot, for the sake of self-preservation or for the sake of victory. If the nations had any more to give, war would demand it. The King could extort, but there are limits to extortion. The nation could borrow, and to borrowing there is but one limit save the limit of actual exhaustion.

Mr. H. Bell, cashier of Lloyd's Bank in London, said in 1913, "The London bankers are not lending on the Continent any more. We can see already the handwriting on the wall and that spells REPUDIATION. The people of Europe will say, 'We know that we have had all this money and that we ought to pay interest on it. But we must live; and we cannot live and pay.'"

The chief motive for borrowing on the part of every nation has been war or preparation for war. If it were not for war, no nation on earth need ever have borrowed a dollar. If provinces and municipalities could use all the taxes their people pay for purposes of peace, they could pay off all their debts and start free. In Europe, for the last hundred years, in time of so-called peace, nations have paid more for war than for anything else. It is not strange, therefore, that this armed peace has "found its verification in war." It has been the "Dry War," the "Race for the

Abyss," which the gray old strategists of the General Staff have brought to its final culmination.

The debt of Great Britain began with the revolution of 1688, with about \$1,250,000. This unpopular move, known as Dutch Finance, was the work of William of Orange. Other loans followed, based on customs duties with "taxes on bachelors, widows, marriages and funerals," and the profits on lotteries. At the end of the War of the Revolution the debt reached \$1,250,000,000, and with the gigantic borrowings of Pitt, in the interest of the overthrow of Napoleon, the debt reached its highest point \$4,430,000,000. The savings of peace duty reduced this debt, but the Boer War, for which about \$800,000,000 was borrowed, swept these savings away. When the present war began, the national debt had been reduced to a little less than \$400,000,000, which sum a year of world war has brought up to \$11,000,000,000.

The debt of France dates from the French Revolution. Through reckless management it soon rose to \$700,000,000, which sum was cut by paper money, confiscation and other repudiations to \$160,000,000. This process of easing the government at the expense of the people spread consternation and bankruptcy far and wide. A great program of public expenditure following a costly war and its soon paid indemnity, raise the debt of France to over \$6,000,000,000. The interest alone amounted to nearly \$1,000,000,000. A year of the present war has brought this debt to the unheard of figure of about \$12,000,000,000. Thus nearly two million bond holders and their families in and out of France have become annual pensioners on the public purse, in addition to all the pensioners produced by war.

Germany is still a very young nation and as an empire more thrifty than her largest state. The imperial debt was in 1908 a little over \$1,000,000,000. The total debt of the empire and the states combined was about \$4,000,000,000 at the outbreak of the war. It is now stated at about \$9,000,000,000, a large part of the increase being in the form of "patriotic" loans from helpless corporations.

The small debt of the United States rose after the Civil War to \$2,773,000,000. It has been reduced to about \$915,000,000, proportionately less than in any other civilized nation. The local debts of states and municipalities in this and other countries are, however, very large and are steadily rising. As Mr. E. S. Martin observes, "We have long since passed the simple stage of living beyond our incomes. We are engaged in living beyond the incomes of generations to come."

Let me illustrate by a supposititious example. A nation has an expenditure of \$100,000,000 a year. It raises the sum by taxation of some sort and thus lives within its means. But \$100,000,000 is the interest on a much larger sum, let us say \$2,500,000,000. If, instead of paying out a hundred million year by year for ex-

penses, we capitalize it, we may have immediately at hand a sum twenty-five times as great. The interest on this sum is the same as the annual expense account. Let us then borrow \$2,500,000,000 on which the interest charges are \$100,000,000 a year. But while paying these charges the nation has the principal to live on for a generation. Half of it will meet current expenses for a dozen years, and the other half is at once available for public purposes, for dockyards, for wharves, for fortresses, for public buildings, and above all for the ever growing demands of military conscription and of naval power. Meanwhile the nation is not standing still. In these twelve years the progress of invention and of commerce may have doubled the national income. There is then still another \$100,000,000 yearly to be added to the sum available for running expenses. This again can be capitalized, another \$2,500,000,000 can be borrowed, not all at once perhaps, but with due regard to the exigencies of banking and the temper of the people. With repeated borrowings the rate of taxation rises. Living on the principal sets a new fashion in expenditure. The same fashion extends throughout the body politic. Individuals, corporations, municipalities all live on their principal.

The purchase of railways and other public utilities by the government tends further to complicate the problems of national debt. It is clear that this system of buying without paying cannot go on indefinitely. The growth of wealth and population cannot keep step with borrowing even though all funds were expended for the actual needs of society. Of late years war preparation has come to take the lion's share of all funds however gathered, "consuming the fruits of progress." What the end will be, and by what forces it will be brought about, no one can now say. This is still a very rich world, even though insolvent and under control of its creditors. There is a growing unrest among taxpayers. There would be a still greater unrest if posterity could be heard from, for it can only save itself by new inventions and new exploitations, or by frugality of administration, of which no nation gives an example to-day.

THE BURDEN OF ARMAMENT

Nevertheless this burden of past debt, with all its many ramifications and its interest charges, is not the heaviest the nations have placed on themselves. The annual cost of army and navy in the world before the war was about double the sum of interest paid on the bonded debt. This annual sum represented preparation for future war, because in the intricacies of modern warfare "hostilities must be begun" long before the materialization of any enemy. In estimating the annual cost of war, to the original interest charges of upwards of \$1,500,000,000 we must add yearly about \$2,500,000,000 of actual expenditure for fighters, guns and ships. We must further consider the generous allowance some nations

make for pensions. A large and unestimated sum may also be added to the account from loss of military conscription, again not counting the losses to society through those forms of poverty which have their primal cause in war. For in the words of Bastiat, "War is an ogre that devours as much when he is asleep as when he is awake." It was Gambetta who foretold that the final end of armament rivalry must be "a beggar crouching by a barrack door."

When the Great War began, the nations of Europe were thus waist deep in debt. The total amount of national bonded indebtedness being about \$30,000,000,000, or nearly three times the total sum of actual gold and silver, coined or not, in all the world. A year of war at the rate of \$50,000,000 to \$70,000,000 per day has increased this indebtedness to nearly \$50,000,000,000, the bonds themselves rated at half or less their normal value, while the actual financial loss through destruction of life and property has been estimated at upwards of \$45,000,000,000.

In "The Unseen Empire," the forceful and prophetic dreams of Mr. Atherton Brownell, the American Ambassador, Stephen Channing, tries to show the Chancellor of Germany that war with Great Britain is not a "good business proposition." He says: "Our Civil War has cost us to date, if you count pensions for the wrecks it left—mental and physical—nearly twenty billions of dollars. And that doesn't include property losses, nor destruction of trade, nor broken hearts and desolate homes—that's just cold hard cash that we have actually paid out. You can't even think of it. There have been only about one billion minutes since Christ was born. Now if there had been four million slaves and we had bought every one of them at an average of one thousand dollars apiece, set them free and had no war, we would have been in pocket to-day just sixteen billion dollars. That one crime cost us in cash just about the equal of sixteen dollars a minute from the beginning of the Christian era."

The war as forecast in the play is now on in fact, and one certain fact in regard to it is that it is assuredly not "a good business proposition" for anybody in any nation excepting the makers of the instruments of death.

The actual war began, in accord with Professor Richet's calculation, at a cost of \$50,000,000 per day. Previous to this the "Dry War" or "Armed Peace" cost only \$10,000,000 per day. This is Richet's calculation in 1912, an underestimate as to expenses on the sea and in the air. These with the growing scarcity of bread and shrapnel, the equipment of automobiles, and the unparalleled ruin of cities have raised this cost to \$70,000,000 per day.

Daily cost of great European War (Charles Richet, 1912):

Feed of men.....	\$12,600,000
Feed of horses.....	1,000,000

Pay (European rates).....	4,250,000
Pay of workmen in arsenals and ports (100 per day) ..	1,000,000
Transportation (60 miles in 10 days).....	2,100,000
Transportation of provisions.....	4,200,000
Munitions: Infantry 10 cartridges a day.....	4,200,000
Artillery: 10 shots per day.....	1,200,000
Marine: 2 shots per day.....	400,000
Equipment	4,200,000
Ambulances: 500,000 wounded or ill (\$1 per day)....	500,000
Warships	500,000
Reduction of imports.....	5,000,000
Help to the poor (20 cents per day to 1 in 10).....	6,800,000
Destruction of towns, etc.....	2,000,000
Total per day.....	<hr/> \$49,950,000

This again takes no account of the waste of men and horses, less costly than the other material of war and not necessarily replaced. All this is piled on top of "the endless caravan of ciphers" (\$30,000,000,000) which represents the accumulated and unpaid war debt of the nineteenth century.

War is indeed the sport for Kings, but it is no sport for the people who pay and die, and in the long run the workers of the world must pay the cost of it. As Benjamin Franklin observed: "War is not paid for in war time; the bill comes later."

And what a bill!

Yves Cuyot, the French Economist, estimates that the first six months of war cost Western Europe in cash \$5,400,000,000, to which should be added further destruction estimated at \$11,600,000,000, making a total of \$17,000,000,000. The entire amount of coin in the world is less than \$12,000,000,000. Edgar Crammond, Secretary of the Liverpool Stock Exchange, another high authority, estimates the cash cost of a year of war, to August 1st, 1915, at \$17,000,000,000, while other losses will amount up to make a grand total of \$46,000,000,000. Mr. Crammond estimates that the cost to Great Britain for a year of war will reach \$3,500,000,000. This sum is about equivalent to the accumulated war debt of Great Britain for a hundred years before the war. The war debt of Germany (including Prussia) and that of Austria before the war was about the same as that of Great Britain. No one can have any conception of what \$46,000,000,000 may be. It is four times all the coin in the world. It represents, it is stated, about 100,000 tons of gold. It would probably outweigh the Washington monument, but we have no data as to what monuments weigh, though we may try a few calculations. If it were measured out in \$20 gold pieces and they were placed side by side on the railway track, on each rail, they would line with gold every line from New York to the Pacific Ocean, and there would be enough left to

cover each rail of the Siberian railway from Vladivostock to Petrograd. There would still be enough left to rehabilitate Belgium and to buy the whole of Turkey, at her own valuation, wiping her finally from the map.

Or we may figure in some other fashion. The average working man in America earns \$518 per year. It would take ninety million years' work to pay the cost of the war; or ninety million American laborers might pay it off in one year, if all their living expenses were paid. The working men of Europe receive from half to a third the wages in America. They are the ones who have this bill to pay.

The cost of a year of the Great War is a little greater than the estimated value of all the property of the United States west of Chicago. It is nearly equal to the total value of all the property in Germany (\$48,000,000,000) as figured in 1906. The whole Russian Empire (\$35,000,000,000) could have been bought for a less sum before the war began. It could be had on a cash sale for half that now. It would have paid for all the property in Italy (\$13,000,000,000), Japan (\$10,000,000,000), Holland (\$5,000,000,000), Belgium (\$7,000,000,000), Spain (\$6,000,000,000) and Portugal (\$2,500,000,000). It is three times the entire yearly earnings in wages and salaries of the people of the United States (\$15,000,000,000).

We could go on indefinitely with this, playing with figures which nobody can understand, for the greatest fortune ever accumulated by man, in whatever fashion, would not pay for two days of this war.

The cost of this war would pay the national debts of all the nations in the world at the time the war broke out, and this aggregate sum of \$45,000,000,000 for the world was all accumulated in the criminal stupidity of the wars of the nineteenth century. If all the farms, farming lands, and factories of the United States were wiped out of existence, the cost of this war would more than replace them. If all the personal and real property of half our nation were destroyed, or if an earthquake of incredible dimensions should shake down every house from the Atlantic to the Pacific, the waste would be less than that involved in this war. And an elemental catastrophe leaves behind it no costly legacy of hate. Even the financial troubles are not ended with the treaty of peace. The credit of Europe is gone, for one does not know how long. Before the war, it is said, there were \$200,000,000,000 in bonds and stocks in circulation in Europe. Much of this has been sold for whatever it would bring. Some of the rest is worth its face value. Some of it is worth nothing. In the final adjustment who can know whether he is a banker or a beggar?

The American Ambassador was quite within bounds when he said: "There isn't so much money in the world; you can't even think it!"

Or we may calculate (with Dr. Edward T. Devine) in a totally different way. The cost of this war would have covered every moral, social, economic and sanitary reform ever asked for in the civilized world, in so far as money properly expended can compass such results. It could eliminate infectious disease, feeble-mindedness, the slums and the centers of vice. It could provide adequate housing, continuity of labor, insurance against accident; in other words, it could abolish every kind of suffering due to outside influences not inherent in the character of the person concerned.

A Russian writer, quoted by Dr. John H. Finley, puts this idea in a different form:

"Our most awful enemies, the elements and germs and insect destroyers, attack us every minute without cease, yet we murder one another as if we were out of our senses. Death is ever on the watch for us, and we think of nothing but to snatch a few patches of land! About 5,000,000,000 days of work go every year to the displacement of boundary lines. Think of what humanity could obtain if that prodigious effort were devoted to fighting our real enemies, the noxious species and our hostile environment. We should conquer them in a few years. The entire globe would turn into a model farm. Every plant would grow for our use. The savage animals would disappear, and the infinitely tiny animals would be reduced to impotence by hygiene and cleanliness. The earth would be conducted according to our convenience. In short, the day men realize who their worst enemies are, they will form an alliance against them, they will cease to murder one another like wild beasts from sheer folly. Then they will be the true rulers of the planet, the lords of creation."

"Money spent in warfare," says Robert L. Duffus, "is not like money spent in other industries. It will bring far more beastliness, far more injustice, far more tyranny, far more danger to all that is honorable, generous and noble in the world, far more grief and rage than money spent in any other way. Not one per cent of the amount devoted to these purposes is, for the end aimed at, wasted."

Is this war due to rivalry in commerce? Let us look at the business side of it. Taking the net profits of over-seas trade as stated by the Hamburg-American Company a year ago, the strongest in the world, and estimating the rest, we have something like this:

During the "Dry War" the net earnings of the German Mercantile fleet were about one-third the cost of the navy supposed to protect it. It would take seventy years of trade, on the scale of the last year before the war, to repay Germany's expenses for a year of war. To make good all the losses of Europe would require more than one hundred years of the over-seas trading profits of all the world. War is therefore death to trade, as it is to every other agency of civilization.

At the beginning of the war the value of stocks and bonds in circulation in Europe amounted to about \$200,000,000,000. What is the present value of all these certificates of ownership? What is the present value of any particular industrial plant or commercial venture?

A friend in London had inherited through his German wife a large aniline dye plant on the Rhine. He told me recently that he had not heard one word from it for six months. What will be its value when he hears from it? And what certainty has he as to its ownership?

We are told by those who look on the surface of things that this war is the outcome of commercial jealousy. Let us look at this, too, for a moment. The two greatest shipping companies in the world before the war were the Hamburg-American Company and the Nord-Deutscher Lloyd of Bremen. These companies had grown strong because they deserved to grow. They had attended to their affairs both in shipment of freight and transportation of passengers with that minute attention to details which is so large an element in German success. The growth of these companies arose through American trade and especially through trade with Great Britain and the British possessions. Did they clamor for war—a war, whatever else might result, sure to cripple their trade for a generation? It is said that Ballin, of the Hamburg Company, unable to prevent Great Britain from rising to the defense of Belgium, “went home broken-hearted.” Did Ballin build the great *Imperator*, costing \$9,000,000—\$6,000,000 of it borrowed money—with a view to laying her off after a few trips for an indefinite period in Hamburg? Did the Nord-Deutscher Lloyd contemplate leaving the *Vaterland* and the *George Washington* to lie in Hoboken till they were sold for harbor dues?

Nor was the jealousy on the other side. The growth of German commerce concerned mainly Great Britain. Presumably it was profitable on both sides, for all trade is barter. In any event, Great Britain has never raised a tariff wall against it, never protected her traders by a single differential duty. She has risen above the idea that by tariff exactions the foreigner can be made to pay the taxes. As for envy of German commerce, when did an Englishman envy anybody anything?

Again, did the Cunard Company build her three great steamships, the *Mauretania*, the *Lusitania*, the *Aquitania* for the fate which has come to them? In 1914, I saw the great *Aquitania*, finest of all floating palaces, tied by the nose to the wharf at Liverpool, the most sheepish looking steamship I ever saw anywhere. Out of her had been taken \$1,250,000 worth of plate glass and plush velvet, elevators and lounging rooms—the requirements of the tender rich in their six days upon the sea. The whole ship was painted black, filled with coal—to be sent out to help the

warships at sea. And for this humble service I am told she proved unfitted.

No, commercial envy is not a reason, rivalry in business is not a reason, need of expansion is not a reason. These are excuses only, not causes of war. There is no money in war. There is no chance of highway robbery in the byways of history which can repay anything tangible of the expense of the expedition. The gray old strategists do not care for this. It is fair to them to say they are not sordid. They care no more for the financial exhaustion of a nation than for the slaughter of its young men. "An old soldier like me," said Napoleon, "does not care a tinker's damn for the death of a million men." Neither does he care for the collapse of a million industrial corporations.

Of the many forms of business and financial relations among men, none is more important than those included under the name of Insurance. Insurance is a form of mutual help. By its influence the effects of calamity are spread so widely that they cease to be felt as calamity. The fact of death cannot be set aside, but through insurance it need not appear as economic disaster, only as personal loss. Its essential nature is that of social coöperation and it furnishes some of the most effective of bonds which knit society together. As insurance has become already an international function, its influence should be felt continuously on the side of peace. That it is so felt is the justification of our meeting together to-day, as underwriters of insurance and as workers for peace. The essence of insurance, as Professor Royce observes, is that "it is a principle at once peace-making in its general tendency and business-like in its practicable special application. . . . As a result of insurance, men gradually find themselves involved in a social network of complicated but beneficent relations of which individuals are usually very imperfectly aware but by means of which modern society has been profoundly transformed."

For life insurance, in general, is not personally selfish in its motive. It is essentially altruistic, the effort of the benefit of some person beloved who is designated as the Beneficiary. For the benefit of this surviving person, the efforts involved in the payment of premiums are put forth, and the insurance companies and their underwriters constitute the machinery by which this unification is given to society.

To all the interests of insurance, the lawlessness of war is wholly adverse and destructive. Insurance involves mutual trust and trust thrives under security of person and property. Insurance demands steadiness of purpose and continuity of law. In war, all laws are silent. War is the brutish, blind denial of law, only admissible when all other honorable alternatives have been withdrawn—the last resort of "murdered, mangled liberty."

In its direct relation, war destroys those who to the underwriter represent the "best risks," the men most valuable to them-

selves and thus most valuable to the community. Those whom war leaves behind, to slip along the lines of least resistance into the city slums, are the people insurance rarely reaches. War confuses the administration of insurance. Policies in war time can be written only on a sliding scale. This greatly increases the premium by reducing the final payments. Increase of rate of premium must decrease business. War means financial confusion, inflated currency and depreciation of bonds. A currency which fluctuates demoralizes all business and war leaves no alternative. The slogan, "business as usual" in war time deceives nobody. If it did, nobody would gain by the deception. Enforced loans from the reserve fund of insurance companies to the state mean the depreciation of reserves. The substitution of unstable government bonds means robbery of the bondholders. The yielding to the state, by enforced "voluntary action" of reserves of savings banks and insurance companies, represents a form of state robbery, now in practice on the continent. Such funds are probably never actually confiscated but held in abeyance until the close of the war. This is another form of the ever-present "military necessity," which seizes men's property with little more compunction than it shows in seizing men's bodies. War conditions mean insecurity of investment. In war, all bonds are liable to become "scraps of paper," and no fund can be made safe. The insurance investments in Europe have been enormously depleted in worth, a reduction in market value estimated at 50 per cent.

Experts in insurance tell me that in war time certain policies are written so as to be scaled down automatically when the holder goes under the colors. Some are invalid in time of war, and some have the clause of free travel greatly abridged. A few are written to apply to all conditions, but on these the rates of premiums would naturally increase. Companies generally refuse to pay under conditions not nominated in the bond, and in general all policies are automatically reduced to level of war policies on going into war.

I am told that some American companies issue group policies as for any or all of a thousand men, these not subject to physical examination. The war claims in Great Britain have been very heavy, because such a large proportion of clerks, artisans, students and other insurable or well-paid men have been first to volunteer. Some insurance companies have been much embarrassed by the general enlistment of their employees.

In fire insurance, conditions are much the same. All contracts in foreign nations are held in abeyance until the close of war. Such companies doing business in America are now mostly incorporated as American.

In every regard, the business of insurance is naturally allied with the forces that make for peace. War brings ruin, through increase of loans, through the exhaustion of reserves and the pre-

carious nature of investment. The same remark applies in some degree to every honorable or constructive business. If any other form of danger threatened a great industry, its leaders would be on the alert. They would spare no money and leave no stone unturned for their own protection.

Towards war, business has always shown a stupid fatalism. War has been thought "inevitable," coming of itself at intervals, with nobody responsible.

There could not be a greater error. War does not come of itself, nor without great and persistent preparation. A few hundred resolute men, bent on war, headed by unscrupulous leaders brought on this war. The military group of one nation plays into the hands of like groups in other nations. To keep up war agitation long enough, whether the cause be real or imaginary, seems to hypnotize the public mind. The horrors of war fascinate rather than repel, and thousands of men in this land of peace are ready to fight in Europe to one who dreamed of such a line of action a year or two ago.

"Eternal vigilance is the price of liberty." The interests involved should put honest business on its guard. The insurance men could afford to maintain a hundred skilful observers, men wise in business as well as in International Law, and in the manners and customs of the people of the world. A few dozen skilful politico-military detectives—Burnses—in the interest of finance might save finance a billion dollars. These should watch the standing incentives to war. They should stand guard against the influences that work toward conflict. They should be not only "firemen to be called in to put out the fire" but agents for "fire-proof building material" in our national edifice, to stand at all times for the security of business, the Sanctity of Law, Order and Peace. This kind of "preparedness for war," would involve no risks of conflict, of victory or defeat.

ACCEPTANCE OF MEDAL: ADDRESS

By E. E. RITTENHOUSE

President, Life Extension Institute

Mr. Commissioner: The Life Extension Institute, which has been honored with this commemorative medal, was organized for the purpose of assisting in the conservation of health and life. The Chairman of its Board of Directors is former President William Howard Taft, its consultant in sanitation is General William C. Gorgas, U.S.A., the Chairman of its Scientific Board is Professor Irving Fisher of Yale University. Its Scientific Reference Board consists of nearly one hundred members—eminent scientists,

publicists and business men—who are concerned in the conservation of health. These gentlemen serve the institution without charge, as a donation to human welfare. Upon behalf of these gentlemen, and the other thousands of lay members of the institution, I accept this medal and thank you most sincerely, Mr. Commissioner, on behalf of the institution.

To-day we have reached the most important topic on the program of the World's Insurance Congress. We are now briefly to consider the most precious of all mortal blessings—human life itself.

In giving this subject a day on the program of the Congress the Fair authorities have rendered a valuable public service by encouraging the great movement to prolong life and make it more livable. The thanks of the public are especially due to Commissioner W. L. Hathaway for securing this public recognition of the work Insurance is doing in the important field of health and life conservation.

In order to grasp the full significance of what is to be said by the eminent speakers who are to follow, let us first firmly re-affix in our minds a few fundamentals, the vital importance of which we are prone to overlook.

The first and most important item in humanity's bill of rights is the right to live, therefore it follows that the first and most important function of organized society is the protection of the lives of the people who compose it. These lives must be guarded not merely from human enemies, but from all enemies, including our arch foe, Disease.

We are all for peace with honor, but to maintain such a peace under present world conditions proper measures for national defense are necessary. Our first line of defense is, however, neither guns, forts, nor warships, but men—not merely brave men but men with the strength and endurance to stand the stress and strain of modern war. A nation of soft, flabby-muscled, ease-loving, and physically low-powered people cannot long endure in this age of reversion to the war-motives and methods of barbarism. Upon the health and virility of the people depend the security of the State and the perpetuity of the race.

But after all our most sacred obligation to posterity is not merely to preserve the republic, but to conserve and upbuild the health and strength of our race. We must not forget that the battles of peace call for health, strength and endurance, as well as the battles of war. If the American people are to adequately prepare not only for national defense but to continue the advance of their civilization, they must give consideration to the great problem of national vitality. This is of special importance at this time. A nation like ours, with a declining birth rate and with the records indicating a decline in the resisting power of the heart and other vital organs to the strain of life, and incidentally

with seventeen million unmarried men and women, cannot afford to ignore the problem of life waste. But this problem must be approached in a spirit of optimism, for we have learned by a glorious experience that the people can be induced to guard themselves against disease.

Of all the marvelous achievements of the past third of a century which we find recorded or exhibited at this wonderful Exposition none is of so far-reaching importance to posterity as the advance in the science of disease prevention.

As a result of the discovery of the cause and the means of transmitting tuberculosis and typhoid fever, the mortality from these diseases has been reduced about fifty per cent in thirty-five years. Since the introduction of antitoxin, twenty-one years ago, the diphtheria death rate has been decreased about seventy-five per cent, in the area where comparative records are available. A remarkable decline has occurred in infant mortality from other causes, during the same period. Smallpox, the scourge of centuries, has been almost eliminated as a deadly disease. Yellow fever has been conquered. The means of combating typhus, malaria and other communicable diseases are known and are being applied more and more as time goes on.

The time is near at hand when these deadly germ-diseases that have been ravaging humanity for ages will exist only in history.

It is difficult indeed to measure the obligation which humanity owes to such patient heroes of medicine and of the laboratory as Jenner, Pasteur, Koch, Lister, Finlay, Reed, Gorgas and others who, by scientific research, or by developing the means of applying preventive science, have in recent years made this wonderful advance possible.

The completion of the Panama Canal and the creation of this magnificent Exposition to commemorate it were made possible by the application of the science of disease prevention by Surgeon-General W. C. Gorgas and his able staff. Without the knowledge supplied by science, the completion of the Canal might have been deferred for years, if not prevented entirely by the pestilential fevers of the Isthmus which destroyed such enormous numbers of people engaged in the French enterprise.

The magnitude of the contribution of medical science to human happiness in this field of disease prevention and in educating the public in the matter of right living may be appreciated when we consider that on the first of next January there will be alive in the United States approximately four hundred thousand people who would have died this year if the death rate in the registration area of 1880 still prevailed. This means the saving of a population nearly equalling that of San Francisco every year.

We view with amazement the comforts and benefits that have come to mankind from modern invention. But how insignificant these wonders seem as a means of promoting happiness when com-

pared with the total sum of sickness, suffering and life waste which has been prevented for all time by these men of science.

Consider the number of descendants of this vast multitude of lives which are saved annually. Think of the millions of souls, the millions of productive, useful lives, that will come to this good earth on down the ages as a result of these life-saving achievements. The men of the medical profession take a broad and noble view of their duty to humanity. They are steadily increasing their efforts to prevent sickness regardless of the fact that they are supposed to earn their daily bread by treating it. It is well to remember this.

The most appropriate and lasting monument which we could erect in honor of these benefactors of mankind would be to enlarge and make permanent the great modern movement to prevent needless sickness and premature death, not only from communicable disease, but from organic disease, for notwithstanding their success, life waste, especially in the United States, is still excessive from both these classes of diseases.

The life waste in modern war, enormous as it is, is almost trifling when compared to the needless sacrifices of life in peace, from ignorance and neglect of ordinary preventive measures.

It is estimated that we lose every day nearly two thousand American lives from preventable disease. During the past ten years, we have lost over six million lives from preventable cause, and this waste will continue during all future decades unless a more rigorous effort is made to apply the knowledge which we have already gained to check this loss.

Here in California, notwithstanding the steady influx of invalids from other States, the mortality is very low compared with that of the Eastern section of our country, and the same may be said of San Francisco, when compared with many Eastern cities. But making due allowance for the outsiders who swell the mortality in this State, there are at least twelve thousand preventable deaths occurring in California every year. In the State of New York it is about six thousand annually.

No city, no State, is so healthful that it can afford to ignore the urgent need for increasing its efforts to prolong the productive useful years of life, and the appropriation of public funds should steadily increase for this purpose. Philanthropy should do its part. At the present time, it is our habit to wait until disease attacks us before calling on medical science for relief. Under the new plan we will also use the doctor to help keep us from getting sick. It is just beginning to dawn upon us that if it is worth while to relieve physical suffering it is certainly worth while to prevent it. Health is the keystone of the beautiful arch of human existence; every consideration of humanity and patriotism demands that it be religiously conserved.

In this great field of social service Insurance has played an im-

portant part. It has taught us to place a higher value upon human life. The fire insurance companies have contributed to the saving of life by their campaign to prevent fire waste. The casualty companies have interested themselves in the prevention of accidents, and certain life insurance companies are already helping in the general campaign of health education. An idea may be gained of the influence that insurance has experienced in stimulating the growing sentiment in favor of health and life conservation by reflecting for a moment on the fact that the twenty-five million life insurance policyholders now in old line companies have each been obliged to pass a successful medical examination. In addition to this, millions have been declined for physical impairments in the last fifty years. All these examinations have done much to arouse people to a proper appreciation of the value of their health and have stimulated them to adopt means of protecting it. A vast number of these people thus learned for the first time of physical impairments and took advantage of this knowledge to have them corrected. In a sense, this requirement of medical examination has had the effect of establishing a standard of health, for it is a common practice for people to judge of their physical condition by their ability to get life insurance.

While this great social service has been rendered in the ordinary course of business, yet the health and life saving that has resulted is none the less genuine. A full measure of credit is due to the insurance companies and their medical men who have made this and many other substantial contributions to the happiness of humanity, all of which adds to the glory, progress and grandeur of our country.

I now have pleasure in introducing Mr. Willard Done, member of the Executive Committee of the World's Insurance Congress.

INSURANCE AND THE CONSERVATION OF HUMAN LIFE

BY DR. FREDERICK L. HOFFMAN

Statistician, The Prudential Insurance Company of America

The modern world of trade, transportation and insurance is no longer limited to itself as a field of private enterprise entirely separate and distinct from the larger sphere of political, social and economic activity. Modern business in all its branches is now so largely under the direct or indirect supervision and control of government—Federal, State and municipal—that many of its most important functions and purposes have gradually passed over the formerly well marked boundary line between private enterprise and public service. This extremely significant conclusion applies

with special force to the broadening scope of insurance as a universal provident institution and its direct or indirect relation to public welfare best visualized in the deliberate effort at the conservation of human life and health.

The true measure of modern civilization is not necessarily or essentially the development of the sciences and arts to even their highest degree of attainable perfection in the direction of utility, but rather the more or less complete elimination of chance occurrences from the lives and daily activities of the people. Measurable progress in civilization consists largely in the attainment of the highest degree of social and economic security, and as said many years ago in the classical report of the first parliamentary committee on friendly societies, "Wherever there is a contingency, the cheapest way of providing against it is by uniting with others, so that each man may subject himself to a small deprivation in order that no man may be subjected to a great loss."

This is the fundamental principle of all insurance, but it requires to be qualified by the statement that an infinitely more effective method of human betterment lies in the direction of prevention rather than in the payment of indemnity or pecuniary compensation for the consequences which arise out of the multitude of uncertainties of human life. In other words, in proportion as mankind advances, the apparent uncertainties or chance contingencies are reduced to a minimum by the persistent and rational application of a broadening intelligence to practical questions of safety and health which imperatively demand a successful solution. In no direction is the evidence of measurable human progress more incontrovertibly conclusive than in the deliberate and successful modern control of the human death rate which in a single generation has been reduced in a considerable degree. Some of the most destructive diseases, such as cholera and yellow fever, have been practically eliminated from civilized countries, while other plagues of mankind, such as smallpox, tuberculosis and typhoid fever, are now decidedly less common and distinctly less of a menace than in former times. The aggregate saving in human life, health and strength through the combined efforts of public health organizations and private health-promoting agencies is beyond all calculation and outside of even the range of intelligent conjecture. What has been done through these agencies is quite generally recognized by qualified authorities as a contribution of the first order of importance to the cause of human welfare, but it is not so well realized that substantial aid in this direction has also been rendered by insurance in all its important branches, directly or indirectly as the case may be.

It is the purpose of this address to present in brief outline the salient facts of these secondary aspects of insurance which on this memorable occasion in connection with the Panama-Pacific International Exposition has for the first time in insurance history re-

ceived proper and adequate public consideration, not only as a universal provident institution of the highest economic importance, but also as an element of progress in the physical, the mental and the moral improvement of the human race.

LIFE INSURANCE

Of the several important branches of insurance, it seems but fitting on this occasion that first consideration should be given to life insurance in its direct or indirect relation to the conservation of human life. Life insurance practice rests upon the fundamental principle of the average duration of human existence, and throughout its long and honorable history the most useful contributions to the study of longevity have developed out of the experience of the life insurance companies of the world. The progress of the science of life contingencies practically coincides with the origin and gradual development of life tables which measure with a sufficient degree of accuracy the average duration of human life. The famous Breslau table of mortality was constructed in the year 1693 by the great astronomer Edmund Halley for the primary purpose of providing a scientific basis for the correct ascertainment of the cost and the principles of premium calculation in the insurance of lives. The changes in longevity during long intervening periods of time are measurable only with the required accuracy by means of life tables, not only for the population at large, but also for special classes and limited geographical areas of the earth's surface. No evidence regarding existing defects in the social economy of the people is more conclusive than an excessive death rate, but this conclusion applies with special force to a high mortality of men employed in dangerous and unhealthy trades and of women and children in unsuitable occupations or at hours incompatible with their nature and physical strength. Life tables as thus originated and developed by life insurance practice, therefore, assist substantially in promoting the general welfare of society.

The basis of practically every life insurance contract is a qualified medical and physical examination. As well said in this connection by the former insurance commissioner of Wisconsin, Mr. H. L. Ekern, "A practice so general must be based on sound reasons, and the experience of American life insurance shows that in respect to the selection of its risks it is on an absolutely sound basis, and for this purpose the requirement of a medical examination is one of the fundamentals of sound life insurance."

The rejection rate in ordinary life insurance is from about 12 to 20 per cent of the applications purposed for acceptance. In countless instances, physical defects or latent diseases are first disclosed by the medical examination and brought to the attention of the person examined. Insurance medicine has become an important branch of medical science, and particularly in the direc-

tion of the reasonably certain ascertainment of physical defects and existing diseases in their initial and often readily curable stage. The more modern but decidedly promising development of a plan of deliberate life extension rests fundamentally upon the basis of a thorough medical examination and periodical re-examination of life insurance policyholders in conformity to the logical conclusion that as a general rule intelligent men and women will make their bodily conduct and care conform to their understanding of what is prerequisite for the attainment of the highest degree of health, physical efficiency and consequential longevity.

The standard life insurance premium is based upon the law of mortality in conformity to the statistical law of average. The standard premium, however, applies only to the insurance of average or normal lives. As a useful compromise between unconditional rejection of applicants not precisely conforming to this standard, special classes of risks or sub-standard lives are differently provided for by means of a scientifically developed rating practice. Obvious variations in the mortality rate from the accepted normal standard have practically from the commencement of life insurance experience demanded separate consideration. This conclusion applies particularly with regard to extra premium charges on account of employment in dangerous and unhealthy occupations as well as to questions of residence in sub-tropical or tropical regions and the insurance of native races and certain foreign elements of recent settlement in the United States. The enormous disparity in race mortality is best illustrated by the statement that while in the registration area of the United States the mortality of the white race is 14 per thousand, the corresponding death rate of the colored race is 23. The principal reason for this material difference is the excessive loss of life from tuberculosis among the Negro race, or, precisely, in thirty Southern cities of this country the tuberculosis death for the White population is 16 per 10,000 population against but 45 for the colored! Such differences as these obviously require consideration in life insurance practice, and some of the most serious health problems have been concretely brought first to public attention by the rating practices of the companies upon the basis of observed experience and extended supplementary scientific research work.

By far the most important scientific and practical contribution towards a better understanding of the more pressing problems of human longevity as determined by special circumstances or conditions, whether inherent or external is the medico-actuarial investigation recently completed by American life insurance companies and published in five large volumes in the furtherance of life insurance science and the interests of the medical profession and the general public. Among the new facts disclosed is much useful information on the correlation of height and weight to mortality; of the variations in the death rate according to occupa-

tion, chiefly, of course, in the dangerous and unhealthy trades; the approximate ascertainment of the relative significance of different degrees of physical impairment and pre-existing disease, and last but not least, the variation in the death rate of particular localities and geographical sections which in such a vast country as ours is naturally a matter of much serious concern. When in due course of time the results of this investigation become more thoroughly understood and applied in the practice of medicine and public health administration a vast amount of direct benefit must result to the public at large.

Life insurance policies as a rule contain a clause limiting by special conditions the liability of the insurance company with regard to military service on the part of the insured in the event of war. Standard premium rates are based on the mortality experience observed during normal periods of time, and the mortality rate as thus determined does not include the practically incalculable hazard of modern war. From time to time the life insurance companies have made investigations to determine the increase in mortality in consequence of more or less prolonged military operations, but the best evidence of the futility of precise calculations is furnished by the enormous loss of life in the existing European War. The only protection of life companies against such calamities is a policy provision to the effect that in the event of death in consequence of military service, only the accumulated reserve will be paid to the beneficiary of the insured. Regardless of this precaution, there are often special occasions which require a modification of the rules in actual practice and every war results in losses which make it of the first order of importance to life insurance companies that they should extend the fullest coöperation towards all efforts in behalf of the cause of universal peace. The extra mortality, however, is not the only serious factor, for in addition there is almost invariably, on the one hand, an impairment in the value of securities which constitute the policy reserve, and on the other, an increase in the burden of taxation. In the future reorganization of international society, the insurance companies throughout the world should be in a position to exercise directly and indirectly a profound and far-reaching influence in the adoption of a working plan for the pacific settlement of all international dispute and in the required modification of the laws and customs of war by land and water to reduce the loss of life, at least of non-combatants, to a minimum.

INDUSTRIAL INSURANCE

Within the last forty years there has been developed in this country and during an earlier or later period in most other civilized countries, a system of industrial insurance on the weekly premium payment plan, for the economic protection of wage earners and their families, which has become extremely popular and

widely diffused. Throughout the United States and Canada there are now more than thirty million industrial policies in force. Aside from the indirect social value of this form of insurance as an essential education in systematic habits of saving, is the direct advantage of a more or less adequate pecuniary provision for the needs of the family during what is often a period of serious economic distress. In the development of industrial insurance, it was early found possible to encourage a broadening of the saving function, and a vast amount of ordinary insurance is now written on the lives of industrial policyholders, to the incalculable advantage of society and the state. The annual mortality experience of industrial companies is thoroughly representative of the country at large, and the facts of this experience on many important occasions have been of considerable practical advantage to the general public and the government in the furtherance of welfare efforts of many kinds.

Perhaps the most important service rendered by the qualified analysis of this mortality experience has been in the direction of the more precise ascertainment of occupational hazards and the determination of excessive disease frequency in unhealthy trades. The contributions which have been made by industrial insurance companies to this important branch of preventive medicine are of the first order of importance and they have been so recognized by public health authorities throughout the world. Some of the most useful publications on industrial accidents and industrial diseases have come from the scientific departments of industrial companies, and special mention may here be made of the valuable assistance rendered by these useful institutions in the development of the tuberculosis movement, the industrial safety movement, the prevention of infant mortality, and last, not least, the control of cancer. While so much has been done and with such far-reaching results, it is a foregone conclusion that the future will witness a material broadening of the scientific research work and active coöperation on the part of industrial companies in the conservation of human life.

But industrial insurance has done still more. Through the agency organization of these companies, a truly enormous amount of thoroughly well considered public health literature has been distributed, and effective aid has occasionally been rendered to public authorities in connection with efforts at local sanitary improvement and the control of disease. There has been no duplication of effort on the part of the different companies and some have specialized in one direction of public welfare work, while others have concentrated their efforts upon different fields. The most hearty spirit of coöperation prevails and there is hardly an international, National or State public health movement or a correlated effort of private health promoting agencies in which these companies have not been of substantial assistance. They have pro-

vided method and means for more qualified statistical analysis and scientific research in the reform of hospital statistics, autopsy records, the experience data of visiting nurse associations, etc., etc. All of this direct or indirect assistance must naturally have been of considerable value to the nation-wide movement in the direction of a betterment of living conditions and as the first prerequisite thereof, the deliberate prevention of disease and the prolongation of life.

THE SOCIAL ECONOMY OF LIFE INSURANCE

In its origins, life insurance was largely in the form of annuities, whether immediate or deferred. The difference between annuities and the usual life insurance policy is that under the former a certain sum is payable annually or at shorter intervals to the beneficiary for the remainder of life or a stated period thereof, while in general life insurance practice a lump sum is payable in the event of the death of the insured. Within recent years, it has been realized that a combination of the two functions would best serve the interests of the beneficiary in at least a very considerable proportion of cases where the proceeds of the policy constitute practically the entire estate left by the deceased to survivors at his death. A new principle has, therefore, been evolved and become known as the "Installment Provision," under which the sum payable at death or policy maturity is paid out in stipulated portions, but usually on a monthly basis. In industrial insurance, a method has been perfected for the payment of installments on a weekly basis, so as to conform to the different economic necessities of the dependent survivors of the insured.

The monthly income principle best emphasizes the truly enormous social value of insurance as a pecuniary protection against want and dependency. It has been the invariable experience under annuity contracts that the actual average after-life-time of the insured was in excess of the expected, on the basis of existing tables. The explanation is not difficult to find. A small, but secure income for the remainder of life is one of the most certain means of prolonging life in old age. The absence of worry, the availability of means for proper medical and surgical aid, the absence of physical want, and many other conditions naturally tend to bring about this result. The evidence is, therefore, quite conclusive that life insurance, directly as well as indirectly, advances the cause of human longevity. Of course, it will never be feasible to calculate even approximately the money value of life insurance in promoting the cause of life conservation, but it is beyond controversy that millions of lives have been preserved and other millions of lives have been safeguarded through the direct benefits of life insurance which could not have been replaced by any other method of individual or collective thrift; and countless years of life must have been added to the aggregate span of human existence because of these benefits which reflect the highest form of altruism

attainable by the individual in his relation to the society of which he is a part.

FRATERNAL INSURANCE

Within recent years the larger and more substantial fraternal organizations, as well as the benefit funds of certain national and international labor organizations, have developed apparently quite successful methods of institutional treatment for members afflicted with tuberculosis, and in a few cases with other diseases also. In some rather conspicuous instances, the sanatoria treatment has been carried to a remarkable degree of perfection with a far-reaching effect upon the general health conservation movement. The economic results have perhaps been most satisfactory where insurance methods have been effectively combined with the more general objects of organized labor for the deliberate purpose of improving the social and economic standard of the wage earners' life. Perhaps no other form of organization is so well qualified, on account of its direct personal relation to its membership, to foster and aid the health conservation and accident prevention movement in co-operation with the public, corporate and private health-producing agencies.

SICKNESS AND HEALTH INSURANCE

So-called sickness and health insurance has not been developed, in this country at least, to the large extent desirable as a matter of public policy. Wage earners' sickness insurance at the present time is often obtainable only through small societies with premium charges based upon a more or less untrustworthy experience. Some progress has been made in recent years, however, and what is generally called health insurance has been developed in conformity to scientific principles by well managed personal accident insurance companies. The increasing practice of including a disability provision in the life insurance contract issued by legal reserve companies may here be referred to as another step in the right direction. A large amount of qualified medical and hospital protection is provided for on the basis of more or less arbitrary monthly premium charges for employees of large corporations chiefly engaged in mining, lumbering and other dangerous industries. An inestimable amount of good has been done by these simple forms of insurance operating along a line thus far found difficult of development by large insurance companies.

The so-called friendly and fraternal societies which provide sickness insurance for their membership have, collectively considered, been of great practical value in determining the approximate rate of sickness frequently among different classes of the population, with a due regard to age, sex, occupation and locality. Such data as have been made available are of great value in connection with efforts to bring about a more thorough understanding of the practical utility and public importance of sickness prevention and con-

trol. Some extremely useful data in this connection have been derived from a special analysis of the experience of large hospitals and visiting nurse associations under the direction of the statistical officers of industrial insurance companies. As yet, the general law of sickness and its modification by special conditions is still quite imperfectly understood, but as a pertinent illustration of the practical utility of available information, reference may be made to the historical fact that the experience of the Manchester Order of Unity of Odd Fellows was made the basis of the truly colossal national health insurance system of the United Kingdom. The sickness experience data of the mining branches of Friendly Societies have been employed to good advantage in suggesting the qualified study of mine sanitation. The experience data of insurance organizations of railway employees have drawn attention to the hazardous nature of this important group of public employments. The truly astonishing waste of human energy and strength caused by needless sickness and preventable accidents involving temporary or permanent disability is only measurable by means of statistics derived to best advantage from the experience of well managed insurance companies or societies.

PERSONAL ACCIDENT INSURANCE

The annual loss of life in the United States through accidents of all kinds exceeds 80,000. The mortality from casualties and violence is about the same as the estimated total mortality from cancer or malignant disease. The causes of such accidents or their conditioning circumstances are very numerous and personal accident insurance has been developed within the last two generations as an indispensable protection of the individual against their pecuniary consequences or the necessary indemnity for loss of working time. The system has been developed to a remarkable degree of scientific perfection, and the rating practice of accident insurance companies now conforms quite generally to the results of observed experience. Perhaps no other branch of insurance has done more to bring home to the public at large the physical dangers of our complex modern life and the imperative need of a thoroughly well considered public policy of personal safety and accident prevention. New dangers are constantly developing as incidental to the progress of society, as best illustrated by the automobile hazard to passengers and pedestrians which has brought into existence a quite extensive system of automobile insurance. The statistics of personal accidents and their apparent causes as published from time to time by accident companies have done much to draw attention to a lamentable phase of our modern life in perhaps the most convincing and conclusive form. It remains true, of course, that "accidents will happen" regardless of all efforts at prevention, but modern society is irrevocably committed to the conviction that the frequency of all accidents must be reduced to

the lowest possible minimum, and that as far as practicable only such casualties shall continue to occur as are strictly within the non-preventable class. By furnishing adequate pecuniary support during the period of recovery, the personal accident companies have also rendered an incalculable service to the individual, the Nation and the State in the conservation of the physical and economic efficiency of its citizens. Finally by providing for the expenses of surgical operations, many a valuable life has been saved and many a useful career has been prolonged through the instrumentality of accident insurance as devised and promoted entirely through private enterprise on the basis of voluntary thrift.

EMPLOYERS' LIABILITY AND WORKMEN'S COMPENSATION

Largely, also, through the initiative of personal accident insurance companies, the business of employers' liability insurance has been brought to a high degree of scientific perfection. Within the last few years, in consequence of profound and radical changes in the legal status of the employee in relation to the employer, the modern system of Workmen's Compensation for industrial accidents has come into existence. The two forms of insurance rest upon quite fundamentally different theoretical conceptions. Both are extremely useful according to the circumstances of the case. Employers' liability insurance has done much if not most to inaugurate the modern and highly specialized plant inspectorial service as a means of accident prevention. In both employers' liability and workmen's compensation, the premium cost is fundamentally determined by the relative frequency of industrial accident occurrence. Both forms are, therefore, vitally concerned with the prevention of accidents as a first means of reducing the cost of such insurance to employers. Scant justice has been done to companies transacting employers' liability insurance in the public appreciation of their invaluable service in perfecting methods of industrial plant inspection and the devising of effective safeguards against accident occurrences far in advance of efficient means of public factory inspection and the corresponding early efforts on the part of industrial accident boards. It is not going too far to say that probably by no other direct means has so much of life, health and strength been conserved to the labor element of the Nation as through the efficient inspectorial service of these companies which underlie the entire modern organization of industrial accident boards, by public inspection and rating bureaus, by safety organizations and public or semi-public museums of safety, all of which now largely serve the needs of workmen's compensation for industrial accidents and industrial diseases.

Workmen's compensation, however, is a decidedly more useful method of wage-earners' protection than employers' liability insurance, which only indirectly or incidentally guarded the employee himself against extreme hazards. It may be questioned

whether any species of labor legislation has been of greater direct benefit to mankind within so short a period of time than the new order of things under which the pecuniary consequences of industrial accidents are made justly a direct burden upon industry. It requires to be taken into consideration that the number of industrial accidents in the United States is annually between 25,000 and 30,000, and that the number of serious injuries involving more or less prolonged incapacity for work is probably not less than 700,000. By providing the necessary economic security in the event of accidents inseparable from many employments, the social condition of wage-earners has been enormously improved. By making provision for adequate medical attention, the physical consequences of industrial accidents have been reduced in seriousness and the injured parties are now as a rule being cared for intelligently and properly in place of the former indifference and neglect. Infinitely more important, however, are the results of workmen's compensation in the direction of direct prevention of occupational accidents and occupational diseases. The statistical evidence already available is quite conclusive that in consequence of workmen's compensation legislation the actual and relative frequency of industrial accidents in many important industries has experienced a marked reduction.

It would be utterly impossible on this occasion to enumerate even briefly the truly astonishing evidence of the coöperative effort throughout the country developed within the last few years in the direction of deliberate and successful industrial accident prevention. The most convincing illustration, however, of what is being done at the present time is the first aid and rescue work of the United States Bureau of Mines which has been brought into almost perfect correlation to the corresponding efforts of mining companies, State mining bureaus, and State industrial accident boards. The rules and regulations for the safe conduct of industrial activity which have been perfected and made compulsory through Workmen's Compensation Commissions are indicative of the high order of intelligence which lies back of this movement and which represents the combined thought and serious interest of employers, employees and supervising government officials. Among other agencies contributing towards the ultimate realization of the highest ideals of safety in industry, mention requires to be made of the admirable pioneer work of the American Museum of Safety of the City of New York in exhibiting life saving and accident preventing devices directly applicable to the requirements of modern industry and of the nation-wide effort of the National Council of Safety of Chicago, which has concentrated most of its effort on the effective safety organization of employees.

The rating practice of workmen's compensation bureaus, private casualty companies transacting workmen's compensation insurance and State industrial accident funds, rests fundamentally upon

the more or less precisely determined inherent risks of modern industry, subject to the application of the principle of schedule rating, which, as well said by the Massachusetts Insurance Commissioner, "is known as merit rating, each individual employer being given a rate that corresponds to the hazard of his risk according to standards which have been set up by trained safety engineers and endorsed as the best yet devised for apportioning cost of insurance on the basis of hazards."

It is self-evident that by this method of insurance the utmost possible encouragement is given to every employer to prevent the industrial accidents common to his industry by the adoption of all reasonable safeguards and protective devices amplified by the adequate safety instruction of the employees. The direct pecuniary service which accrues to the employer in consequence of premium reduction is in the end, of course, reflected in the cost of the product. A vastly greater benefit, however, is rendered to society and the State in the actual preservation of the most valuable of human lives, that is, of the men and women who carry on the nation's industries and who perform its most arduous physical and hazardous toil. In its final analysis, it is the human unit that is the fundamental basis of all our material prosperity, and the conservation of physical efficiency and physical strength is therefore rightfully considered to be the first duty of the State.

FLY-WHEEL INSURANCE

Many industrial hazards cannot, however, be entirely provided for by workmen's compensation insurance. Many risks inherent in the operation of manufacturing establishments can only be insured against through private enterprise. The fly-wheel as an integral part of modern plant machinery is a concrete illustration of this important aspect of public liability insurance in its relation to modern business life. A bursting fly-wheel may completely destroy a costly power plant and at the same time cause a lamentable loss of life. The pecuniary consequence of fly-wheel accidents, therefore, requires adequate insurance protection. Fly-wheel insurance has of necessity been developed as a branch of general casualty insurance, but the fundamental function on the part of the insuring company is rather the prevention of accidents than the payment of compensatory damages. It has been pointed out in this connection by a large company on the basis of its experience in fly-wheel insurance that "wheels that are sound, well designed, and mounted on first-class engines are likely to explode at any moment on account of trivial defects in the governing mechanism and disruption is also likely to be caused by the sudden over-loading of machinery, short circuiting of the electrical generator, fractures, faulty construction, and other defects too numerous to mention."

Thorough and expert inspection is, therefore, essential in the

prevention of accidents of this kind, and this, in fact, is the practical basis of all fly-wheel insurance. The importance to the companies of this service of life conservation is best illustrated by the statement that "in 69 cases according to actual experience, 94 people were killed and 130 seriously injured, and the average property loss was \$13,500." Every fly-wheel policy provides for inspection at regular intervals, not only of the fly-wheel itself, but of the engines and other apparatus upon which the wheels are mounted, thus giving the insured the benefit of expert inspection as a first consideration in the very important effect to prevent losses by the timely correction of faults discovered by this means and often by this means alone.

BOILER INSURANCE

Of much the same order of importance is boiler insurance which is carried on either by companies exclusively engaged in that form of business, or as a branch of private casualty insurance. The primary object of boiler insurance is not the payment of losses, but the prevention of explosions. It is a lamentable fact that deaths due to boiler explosions in the United States are considerably in excess of the corresponding loss of life in European countries. During the year 1912, it is estimated that there were 280 deaths due to boiler explosions in the United States against only 30 in the United Kingdom and 10 in the German Empire.

The present situation would be decidedly worse, however, were it not for the thoroughly efficient service rendered by private steam boiler insurance, which, of course, is additional in most of the States to a more or less efficient State boiler inspection service. It is not going too far to maintain that the present practice or technique of State boiler inspection has largely been evolved out of the experience of private steam boiler insurance companies. Here again the service rendered to the cause of life conservation, while not precisely determinable, is of considerable social and economic importance. The system of boiler insurance admirably illustrates a form of insurance protection aiming primarily at prevention; and of the premiums annually paid on account of boiler insurance, only a relatively small proportion is paid out in losses, while the major portion is expended in connection with a highly developed system of expert inspection.

ELEVATOR INSURANCE

It would be as difficult to conceive of modern life without passenger elevator transportation as of the transmission of intelligence without electricity or of transportation without steam. It is quite probable that there is to-day an even larger amount of vertical passenger traffic by means of elevators than there is of horizontal traffic, in our large cities, by means of electric railways,

subways and motor cars combined. Every elevator service represents intrinsically a serious risk to life and property adequately guarded against only by means of an efficient inspection service. The causes of elevator accidents are quite varied, but the large majority are readily subject to control. There is a public liability to elevator accidents which can only be insured against through private casualty insurance companies. Both the operator and the public, however, are protected against accidents chiefly through the inspectorial service provided by insurance companies, and accidents on elevators covered by such insurance are of relatively rare occurrence. Every elevator insurance policy aims primarily at the prevention of accidents, and the payment of compensatory damages is of decidedly secondary importance. There are no trustworthy statistics regarding the total annual loss of life in connection with the operation of elevators throughout the United States, but it requires to be considered that many of the deaths officially so reported are only incidental to elevator operation and are not attributable to inherent defects in the service itself. Few branches of insurance illustrate better than this the extremely valuable aid rendered to the cause of life conservation by means of a service which rests primarily upon the concept of prevention, with adequate security, of course, for the payment of compensatory damages in the event of unavoidable and strictly accidental occurrences.

FIDELITY AND SURETY INSURANCE

These branches of insurance have a more direct relation to the cause of life conservation than is generally understood. It is but imperfectly realized that a large amount of social misconduct is effectively restrained by the exacting requirements of fidelity and surety insurance. The possibilities of breach of trust are very considerable in modern business and with a constant tendency towards increasing complexity there is a natural development towards refinement in methods of crime. An enormous amount of anxiety and worry is prevented by the sense of security on the part of business management that employees are adequately bonded against dishonesty. In place of the old method of personal security on the part of one man for the fidelity of another, the modern system of corporate surety replaces an extremely unsatisfactory state of affairs. Many a business and home has been financially ruined because of the dishonesty of an employee trusted as a matter of necessity with substantial sums of money without bond security. It has well been observed in this connection that "corporate surety is scientific and it aims to prevent as well as to reimburse. It searches out the record of the past to aid in judgment of the future. It aims to separate the honest from the dishonest, and to keep them separate." In other words, corporate surety promotes character, gives its unqualified endorsement to

right conduct, with the practical guarantee of certainty of punishment of those who offend by breach of trust against the individual, society and the state. Whatever tends to promote social security also tends to conserve longevity, health and happiness individually as well as collectively. Whatever tends to reduce crime in no small measure must aid in the cause of life conservation and the advancement of social well being generally.

BURGLARY INSURANCE

The guarantee of pecuniary indemnity against injury to the person and property by felonious assault or burglary is a very desirable form of protection which within recent years has gained much in popularity. Regardless of a highly developed public police and detective service, there remains a vast amount of non-preventable and unpunished crime best illustrated by the humiliating admission that there are annually not less than 7,000 murders in the United States. Murder is much more frequent in this country than others. The murder death rate per hundred thousand, for illustration, for the year 1912 was 6.5 for the United States, 3.2 for Italy, and 2.1 for Germany. Burglary insurance, by the installation of private burglary alarm systems and by the development of private detectives of high character, has done much to promote health and longevity, not only directly but indirectly as well, by providing conditions favorable to a feeling of personal security and peace of mind.

FIRE INSURANCE

The magnitude of fire insurance approaches the enormous volume of business transacted by life insurance companies and societies. The combined annual income of American fire and marine insurance companies is probably not far from one-half billion dollars. The annual losses paid by these companies now approach two hundred million dollars. A proportion of the premium income is expended in connection with a scientifically perfected plan of risk surveying and a rating practice which rests upon the basic principle of equitable adjustment of risk exposure to insurance cost. All fire waste causes not only a useless destruction of property, but it involves in many cases also a considerable loss of life, health and opportunity for employment. By ascertaining and defining the conflagration hazard in large cities, the National Board of Underwriters has rendered a substantial service to the cause of property and life protection. In the furtherance of the aims and ideals of the National Fire Prevention Convention, the fire insurance companies, in cooperation with State fire marshals and other agencies making for fire protection, have quite measurably advanced the cause of fire waste reduction. During the last thirty years it is estimated that over five billion dollars of prop-

erty has been destroyed by fire in the United States, and in many conspicuous instances the incidental loss of human life has been quite considerable. By emphasizing and defining the exposure hazard and by insisting upon an adequate premium proportionate to the risk, the fire insurance companies have made it directly to the advantage of the insured to eliminate needless fire hazards, particularly in the direction of the more general use of fire-resisting material and improved methods of building construction. By insisting upon the installation of high pressure fire-fighting systems, the insurance companies have indirectly also advanced the cause of general sanitation, and by controlling and standardizing methods of electrical installations a material reduction in fire hazards due to electrical causes has been brought about with a diminution in the liability to fatal electric shock. By the adoption of stringent rules and regulations concerning the transportation and storage of explosives, the risk to life and property destruction has been materially decreased. By aiming persistently and intelligently at the deliberate reduction of fire losses, an enormous amount of property has been conserved to future generations.

The most substantial service rendered by fire insurance companies to the cause of life conservation consists, however, in the gradual development of a highly efficient public fire department service in coöperation, of course, with municipal governments, and which has not its superior anywhere in the world. Probably no other single agency has been so effective in the actual saving of human life, while at its greatest peril, as the modern paid fire department. Human rescue work at fires often involves extreme personal hazard, but there has never been the slightest hesitation of sacrifice and the country has reason to be proud of the far from small group of heroic fire fighters who have paid for their heroism with their own lives.

It is also not going too far to say that the science of fire protection has been largely developed through the agency of fire insurance companies in coöperation, of course, with public fire departments. The work which has been done in perfecting the technique of fire hazards through the laboratories of the National Board of Fire Underwriters ranks justly as one of the scientific achievements of the age. Last, not least, the results of the statistical analysis of common fire causes has drawn public attention to the direction in which preventive efforts are most likely to prove successful. A vast amount of work, of course, remains to be done. In course of time the extensive reconstruction of business and private buildings in all American cities will be necessary on account of the past neglect and present indifference in the adoption of proper methods of building construction. The responsibility for this menace lies not with the fire insurance companies, who have left nothing undone in giving encouragement to fire-proof building construction. All of these efforts have a direct bearing upon

the problem of life conservation and the prevention of useless property waste.

MARINE INSURANCE

The origin of all insurance is to be found in the practice of Marine Insurance which dates back to remote antiquity. Long before governmental agencies had become effective in the charting of the coast, in the placing of lighthouses and other aids to navigation and in the development of a system of trustworthy marine intelligence, Lloyd's of London and later other marine insurance societies and companies exerted their influence in this direction to the measurable advantage of the cause of life and property conservation. One of the most curious and now obsolete branches of insurance was the issuance of policies on the lives of mariners against the risk, at one time quite serious, of capture by pirates, for the purpose of providing a sum sufficient for their ransom. One of the earliest forms of sickness insurance was for the benefit of seamen in connection with navigation, and it is of interest to note that the United States Marine Hospital Service (now the United States Public Health Service) originated in a tax on shipping for the benefit of sick and disabled sailors. The first useful lifeboat was built through the agency of Lloyd's, and even to this day the most trustworthy source of marine intelligence is this truly colossal marine insurance office of London. The same agency originated and developed a highly trained service of inspection and ship surveying, aiming at the safeguarding of shipping on the basis of standardized rules of ship construction. By insisting upon the seaworthiness of every vessel as a prerequisite for insurance, a considerable indirect service was rendered to the cause of life conservation. By urging upon the governments throughout the world the necessity for the highest attainable scientific accuracy and completeness in coast surveys and the utmost technical perfection of lighthouses, fog signals, etc., the marine insurance companies have their part in reducing the risk of life at sea. Here, also, of course, much remains to be done, as made only too evident by recent lamentable shipping disasters, which emphasize the necessity of a broader public interest in the efficiency of government steamboat inspection and the more intelligent coöperation of private and corporate agencies towards this end. The losses of the *General Slocum* and the *Eastland* on inland waters and of the *Titanic* and *Empress of Ireland* on the high seas, are conspicuous instances of the inadequacy of present-day methods in providing the highest degree of obtainable safety in navigation. It may be questioned whether the marine insurance companies of to-day realize their full responsibility in working actively for improvements in conditions making for greater safety of person and property at sea. The outlook for a material broadening of the sphere of marine insurance in this direction is, however, distinctly encouraging.

CONCLUSION

The magnitude of the subject under discussion precludes adequate consideration and full justice to all the interests and activities concerned. Enough evidence, however, has been briefly presented amply to sustain the conclusion that, among the agencies serving the cause of humanity in the direction of life conservation, an honorable place requires to be assigned to insurance in all its important branches. What has been said is merely an indication of the main direction in which the conservation efforts of the insurance companies have been directly or indirectly most useful to the public at large. The fundamental fact must never be lost sight of, that the first and all-important function of insurance is to provide for the payment of losses and that these humanitarian services, however valuable, are and ever must be secondary to the economic function which the insurance companies by law and general practice are intended to serve. It has very properly been pointed out in this connection in a recent editorial in a San Francisco newspaper (September 13, 1915) that "We need a new form of democratic organization which will be a clearing house and a distributing point for all useful knowledge and skill. Knowledge about typhoid, about bad housing, about impure food, about recreation, ought to be combined with knowledge about industry and income, so that every citizen will be helped to live a life that is wholesome in all respects."

There is probably no other business agency which is rendering so large a share of this useful public service, and practically without additional cost, as insurance. In an age which is becoming largely economic and in which the conservation of resources and the prevention and utilization of waste are a prerequisite for the attainment of the largest share of human happiness, the requirements for such subsidiary service as is voluntarily rendered by insurance will become more general in the furtherance of the broader interests of the people and the State. Insurance has developed gradually into an institution of marvelous and universal utility and it is largely because of its preëminence as a universal provident institution that the insurance companies are rightfully entitled and properly deserving of the most liberal and considerate attitude on the part of the State. Freedom from burdensome statutory requirements and excessive taxation must materially aid in the direction of enhancing the future usefulness of these institutions. As has been shown by the brief outline of the health and life conserving functions now performed by these companies, they have done much in the past, but they are destined to render an even greater service in the years to come. In proportion as the highest ideal of perfect coöperation is realized between the insurance companies and public authorities and by all corporate and private health-promoting agencies, the place of insurance in be-

half of the cause of humanity will be advanced. As a working program for the immediate future and as a concrete suggestion towards the realization of the higher ideals and aims of insurance institutions, it is here suggested to the companies and the public that:

First, In profound appreciation of the truly enormous possibilities of increasing human happiness and individual and collective efficiency by a further substantial reduction in the death rate and the successful elimination of a vast amount of preventable disease,—the social and economic burden of which is only approximately indicated by the statement that, regardless of the most commendable efforts made on the part of public health departments and other health-promoting agencies, the annual loss of life of children under five is nearly 350,000: from the acute diseases of infancy, chiefly diphtheria, measles, whooping cough and scarlet fever, about 50,000; from all forms of tuberculosis, about 150,000; and from typhoid fever about 20,000—the suggestion is here most urgently made that there be a more deliberate effort to bring about a more perfect plan of coöperation between public health authorities and associated private activities and the more or less corresponding work of life insurance companies and societies.

Second, In consideration of the lamentable fact that there is an annual loss of not less than 80,000 lives in the United States due to accidents or casualties of all kinds, and that of this loss, at least 25,000 deaths occur in American industry, and that in addition thereto there are probably not less than 700,000 serious but not fatal accidents causing temporary or permanent, partial or total incapacity for work, it is strongly urged upon all life, health and accident insurance companies and societies that they coöperate more effectively than heretofore in the nation-wide safety first movement best illustrated in the remarkably successful work of the American Museum of Safety, the National Council of Safety, and many kindred organizations.

Third, The world justly regards the achievement at Panama as the crowning glory of medical and sanitary science. In contrast to a death rate of employees during the American period of construction of only 15 per thousand, the corresponding loss of life during the French period of construction was 61. What has been done by American sanitary engineers on the Isthmus of Panama in the control of tropical diseases challenges the admiration of mankind. Tropical medicine and sanitation are, however, as yet very far from having reached their highest attainable degree of perfection, and much remains to be done to bring about the sanitary control of the tropics, so essential in the furtherance of commerce and the cause of human well-being throughout a large portion of the world. Life insurance companies can do much in this direction by encouraging the work of schools of tropical medicine

and the scientific study of the mortality problems of tropical countries, particularly of the Western Hemisphere.

Fourth, Life insurance medicine has for many years been an important branch of medical science and of value not only to the companies, but also to the public at large in the furtherance of the plan of life extension. An enormous amount of real work remains to be done if present-day ideals of better health and more effective physical efficiency are to be realized. It is, therefore, urged upon the companies and the medical profession that there be brought about a more perfect bond of union to the end that the qualified teaching of the principles of insurance medicine, including occupational hygiene, be made universal in the curriculum of all our leading medical institutions.

Fifth, The ultimate realization of the highest aims and ideals of the present-day health conservation movement must depend largely upon the active coöperation of the general public and the public health authorities as well as the more or less related health-promoting agencies. Such public coöperation as is required must rest upon a sound basis of general instruction regarding the elementary facts of disease causation and disease prevention, including a thorough understanding and appreciation of the methods of first aid to the injured, of qualified nursing and the care of the sick, of precautionary measures against occupational disease, of the control of non-preventable diseases, such as cancer, and possibly leprosy, and last, not least, conformity in personal conduct to rational rules of right living as essential to the attainment of the healthiest, the most efficient, and the longest life. In perhaps no other direction can the life insurance companies, and particularly those transacting industrial business, render more effective social service than in the cause of the health education of the public as best illustrated by the instructive and convincing health literature widely distributed among the general public by these companies and by the impressive popular and scientific exhibits made on the occasion of this, the greatest of world's Expositions.

Sixth, Regardless of the many scientific contributions which have been made by life insurance companies towards a better understanding of the problems of mortality, as best shown by the remarkable results of the medico-actuarial investigation of American life insurance companies on the one hand and the special statistical research work of industrial insurance companies on the other, there remains a vast unrealized opportunity to coördinate efforts of this kind to corresponding investigations made by the Federal, the State and municipal public health authorities as well as by private and corporate health-promoting activities. It is sincerely to be hoped that more will be achieved in the future in this direction than has been found possible in the past, and it is particularly urged upon the companies that they give more publicity to the results of their own mortality experience, with a due regard to

the causes of death and their relation to age, sex, race, occupation and locality, in more or less conformity to the Division of Vital Statistics of the United States census and the international classification of the causes of deaths.

Seventh, By common consent, a large amount of our annual fire loss, which exceeds two hundred million dollars, would be easily preventable if there were a more hearty coöperation on the part of the general public. Effective education in this direction must prove of the greatest possible value not only to the companies but to the Nation and the people at large. In fact, the cause of fire prevention is a National problem of the first order of importance. Fires are largely the result of ignorance, carelessness and indifference. The movement which has been inaugurated during recent years to introduce a brief course on fire prevention into the public schools is in every way deserving of encouragement. Such a course should be combined with thoroughly practical fire drills; but it may possibly be found more expedient to combine teaching efforts at fire prevention with corresponding efforts at accident prevention, in appreciation of the fact that a large number of young lives are annually sacrificed because of ignorance in matters which should be the common knowledge of all. Present methods of such education have hardly passed beyond the initial state. It is easy to argue that the child is already overburdened with subjects required by the school curriculum, but in its final analysis the conservation of life and health is of infinitely more importance than the acquisition of mere knowledge, serving often no practical purpose whatever. It may be laid down as a first principle of all education that the child should understand the elementary functions of its own body and should be instructed to safeguard itself against the more or less avoidable diseases and casualties of life. It is strongly urged, therefore, upon the fire, the accident and the life insurance companies and allied insurance interests that they coöperate in the most effective manner possible in behalf of an effort to introduce the proper teaching of the elementary facts of life and health conservation into the schools, and through this means into the home, so that the largest amount of attainable good may be realized at lowest cost.

This program of constructive coöperation suggests no new methods or means, but merely a perfection and enlargement of lines of activity in conformity to past efforts and experience, nor is anything suggested which would place upon insurance interests material additional financial burdens or duties alien to their organic function of providing for the pecuniary consequences of the contingencies which arise out of the inherent uncertainties of life. In the evolution of social institutions, the highest degree of general usefulness has often been incidental rather than general, and the thought is here advanced that it may well be questioned whether any field of human activity offers to-day greater practical possi-

bilities in behalf of the cause of humanity than insurance in its relation to the conservation of human life.

HUMAN LIFE AS A NATIONAL ASSET

BY DR. C. C. PIERCE

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In this age of commercialism it is fitting and proper that everything, including human life, be reduced to a money equivalent.

There are difficulties in arriving at the assessed value of human life, not encountered in making a valuation of material assets. Fluctuations in value of material assets can be quite accurately determined and the conditions which cause depreciation are definitely known.

With human lives, however, there are many personal differences and variations of environment that may affect the estimated depreciation, so that only approximate estimates of the ultimate money value of these lives can be determined. No consideration will be given the ethical or sentimental value of human beings in this discussion.

While these statements apply to individual lives, any one of which is very uncertain, if all lives are considered together and an average made, the life expectancy so ascertained is very definite, and an approximate money value can be placed upon human life.

MONEY VALUE OF HUMAN LIVES

The Bureau of the Census estimates the population of the Continental United States, July 1, 1915, to be 100,400,000 persons. The value of these lives, reduced to dollars and cents, gives a sum which is meaningless on account of its greatness. Professor Irving Fisher, in arriving at the value of human life, has accepted the estimate of Farr, of England, modified somewhat to conform to the increased earning power of Americans. The value of human life, of course, varies from a few dollars in infancy to a large sum in active middle life, gradually decreasing to a negligible quantity in old age. The average value of these extremes between infancy and old age is approximately \$2,900 per human life. Using this figure (\$2,900) the value of human lives in the continental United States might be stated financially as \$291,160,000,000.

The Bureau of the Census estimates that the aggregate physical wealth of the United States in 1912 was \$187,739,000,000. This gives a difference in favor of human life as a national asset of \$103,421,000,000. However, the difference is very much greater than is indicated by even this stupendous sum.

Human life is what gives value to all other assets. All material

assets are useful only for protecting, prolonging and adding to the comfort of human life and providing for the perpetuation of the species. Merely to live is not sufficient; to be a valuable asset human life must be efficient; the greatest requisite for efficiency is health.

EARNING POWER OF AMERICAN WORKERS

Emerson has said that "Health is the first wealth." It is partly on account of impaired physical efficiency that the average earning capacity of an individual is small.

The average wage of American workers during the age period from 17 to 60 years amounts to about \$700 per annum. This figure would apply if all during that age were at work; but it is a fact that only about three-fourths are at work from one cause or another, such as living on investment income, etc., so that the average earning must be at once reduced to about \$525 per year. This figure includes all salaries, from the cheapest day laborer to that of railway presidents. Warren, quoting from the figures of the Immigration Commission, says that the average incomes of the heads of households is less than \$500 in 15,726 families investigated among the workers in twenty of the leading industries of the United States. These figures are referred to in connection with human life considered as a national asset to remind us that prevention of physical impairment and disease is an economic problem quite as much as a sanitary one.

No family of 5.6 persons (found to be an average family among workers) can secure the necessary food, clothing and shelter to be able to resist disease on a total financial budget of \$500 a year, or even a much greater sum.

SICKNESS LARGELY PREVENTABLE

In considering the value of human lives, there is both length and breadth of life to be considered. The length of life is dependent upon the death rate, and this decreases through improvement in sanitary conditions, increased knowledge of how diseases are acquired, and better economic conditions, such as higher wages, which make possible a better standard of living, including improved housing, more food, proper clothing and an opportunity of educating the next generation.

The result of the lowered death rate is not only to extend the average length of life, but to cause the increase in the number of individuals included in the working age period (from 17 to 60) and thus increasing the potential value of the earning capacity of the workers, adding to the value of life as an asset.

Sickness is not always of a nature to be reportable, and it is believed that "well" people lose from three to five days each year from minor ailments, such as colds, headaches, indigestion, etc., practically all of which could be avoided.

It has been estimated that nine-tenths of all human ailments could be eliminated through preventive measures and proper environment. Dr. Gulick says:

"With the removal of nine-tenths of our disabilities and the conservation and future development of our natural powers, the average person can increase his efficiency 100 per cent.; thus he can be twice as effective. This does not refer to accomplishing twice as much work, of course, but by making less mistakes and working at a higher rate of speed when one does work."

Educational campaigns are necessary to eliminate the greater part of sickness and to prolong life.

One necessary factor for determining the health status of a community is a complete record of births, diseases and deaths.

A statement made a few years ago by Cressy L. Wilbur is applicable to-day:

"Sound vital statistics are the indispensable basis of modern sanitation. A nation that does not consider necessary or that is not able to provide adequate means of registering the births of its own children, or officially recording the deaths of its own citizens, can hardly be supposed to attach sufficient value to human life to enable sanitary measures for its conservation to be adequately carried out."

Only 65.1 per cent of the population of the continental United States live in States that have adequate laws regulating the reports of births, diseases and deaths. The States that have laws properly enforced are known as the "Registration Area." The death rate in the Registration Area of the United States in 1880 was 19.8. This rate during 1913 was 14.1, which means a saving of 5.7 lives per thousand during the latter year over 1880.

If the 1880 rate had remained in 1913, there would have been 1,188,114 deaths in the continental United States, instead of 938,049, so that 250,065 lives were saved during 1913. Valued at \$2,900 each, the money value of these lives would be \$725,188,500, a sum well worth saving. The amount expended for sanitation and all betterment of conditions affecting health during 1913 cannot be accurately determined; but it is safe to say that it was greatly less than the return upon the investment.

AVERAGE LENGTH OF LIFE

This lowered death rate also increased the age of death, until the average lifetime in 1913 has increased from 32.2 years in 1900 to 39.8 years in 1913, an increase of 4.6 years for each life.

The average age at death is found by dividing the total number of years lived by those who died by the number of decedents, and differs greatly from the expectation of life given in the life tables.

Hoffman reminds us that "This decline in death rate has been largely at the younger ages, and not during the period of life which has the greatest economic value," and yet, during 1913, in the Registration Area, there were 19,938 deaths from measles, scarlet fever and whooping-cough, diseases of childhood, most of which could have been avoided.

The death rate in the United States is now lower than in any other part of the world, with the exception of New Zealand, Australia, England and Wales. Notwithstanding this low rate, the total number of deaths in the continental United States in 1913 amounted to 938,049.

DEATHS FROM THREE PREVENTABLE DISEASES

Let us examine the records and see what diseases caused many of these 938,049 deaths in the United States during 1913.

There were 15,786 deaths from typhoid fever alone during the year 1913. Typhoid is well known to be a disease that is absolutely preventable—as much so as is smallpox. Improved sanitary conditions have lowered the typhoid death rate in the Registration Area from 35.9 per thousand in 1900 to 17.9 per thousand in 1913, a reduction of 50 per cent.

One great factor in reducing typhoid fever is improved public water supplies. This not only saves lives by preventing typhoid, but for each life saved from this disease two or three lives are saved through the prevention of other diseases. Anti-typhoid vaccination is gaining favor to such an extent that approximately 300,000 persons in the United States will receive this preventive treatment during 1915. Typhoid fever should become an extinct disease in all civilized and educated communities, and when this disease no longer prevails the annual saving from this one disease will amount to about 200 million dollars per year in the United States.

Another preventable disease which causes enormous losses of efficiency each year is malaria. The number of cases of malaria in the United States during 1913 has been estimated at three million. If each case lost one month's wages, the loss in income amounted to 142 million dollars. The number of deaths reported from malaria during 1913 is given as 2,924, these lives having a value of eight and a half million dollars. Many deaths reported as from other causes would not have occurred had the patient not been weakened from chronic malaria, so that the number of deaths reported from this disease does not give a fair idea of its importance.

During 1913 in the United States there were 143,970 deaths from tuberculosis. The manner in which this disease is spread is well known and much has been accomplished towards its reduction. The death rate from tuberculosis during 1900 in the

Registration Area was 201 per 100,000, while in 1913 it had been reduced to 147.1 per 100,000, a saving of 54.8 lives for every 100,000 inhabitants of the United States. This rate of reduction cannot be continued, as tuberculosis is a problem for the economist, as well as for the sanitarian. Its prevention and cure depend upon proper food, housing and environment. Plenty of nourishing food cannot be secured without money. That the economic condition greatly affects death rates is shown in the report of the United States Commission on Industrial Relations. They found that the death rate among babies was four times greater in families where the income was \$10 a week than it was in families with an income of \$25 a week.

These figures are given to show that dollars, properly spent, save lives and are needed to conserve our greatest national asset—human life.

INEFFICIENCY

One reason why human life has such a low average valuation is on account of the inefficiency resulting, not only from diseases, but from other impaired physical and mental conditions, and lack of education. In the United States there are 13,345,545 foreign-born white persons, and 12,916,311 native Americans both parents of whom were foreign born. Many of these people are not only uneducated, but have a very limited knowledge of the English language, which impairs their earning capacity.

While conditions are greatly better among the native-born American children than in most other countries, there is a tendency in the laboring class to take them out of school at an early age to become bread winners. Many times this seems almost absolutely necessary on account of the high cost of living, and the low wages paid unskilled labor. Lack of early education, however, may be due to sickness of the child either from preventable diseases such as scarlet fever sequelæ, hookworm and malaria, or from abnormalities such as impaired eyesight, enlarged tonsils, adenoids, and malnutrition. Twenty per cent of the children studied by the Commission on Industrial Relations were found to be undernourished.

The United States Bureau of Education has prepared a chart which shows in an impressive manner the value of education as it affects the earning power. The wages of two groups of Brooklyn citizens are compared on a graphic chart, which shows that at 25 years of age the better educated boys, those leaving high school at 18 years, were receiving \$900 per year more salary than the boys who left school at the age of 14. They were not only receiving more annual salary, but in seven years had earned \$2,500 more than the boys who left school at the earlier age.

Another chart shows that the average earnings of uneducated laborers amounts to \$500 per year for forty years, this class, therefore, earning \$20,000 during their working period.

Statistics show that high school graduates earn an average of \$1,000 per year for forty years, giving a total of \$40,000 during forty years. The high school education requires twelve years of schooling of 180 days each, or a total of 2,160 days in school. If 2,160 days in school add twenty thousand dollars to the income for life, then each day spent in school is worth \$9.02. Therefore the child that stays out of school to earn less than \$9.00 per day is losing money, not making money.

After having the value of education impressed in this manner it should cause serious consideration to learn that the report of the Commission on Industrial Relations shows that only 10 per cent of the school children investigated by them reached the high school.

ALCOHOLISM AND CRIME

Another important cause of inefficiency, sickness and death is alcoholism. During 1913 there were 3,744 deaths in the Registration Area from this cause. The use of alcohol has been shown by the Bureau of Labor Statistics of Massachusetts to be responsible for 84 per cent of all crime committed in that State. Delinquents of all sorts cause the withdrawal from useful society of a tremendous number of persons. The census shows that on January 1, 1910, there were 146,492 men, women and children confined in penitentiaries, jails, work-houses and reform schools in the United States.

BLINDNESS

The 1910 census gives the number of blind in the United States as 34,443 males, 25 per cent of whom were gainfully employed, and 24,829 females, 5 per cent of whom were so employed. One-third of these persons lost their eyesight through preventable cause. Deducting those that were gainfully employed from the total number of blind, we find that 25,833 men and 23,808 women were partially or totally dependent through this one physical impairment, a large part of which was avoidable.

HUMAN LIABILITIES

There are many conditions which cause human beings to become absolutely useless for long periods before they finally come to the end and are no longer a factor in human valuation. One such class of liabilities are the insane and feeble-minded.

In January, 1910, there were 187,454 persons confined in institutions for the insane in the United States. This number exceeds all of the officers and enlisted men in the Army, Navy and Marine Corps; and it costs the people of the United States \$32,804,450 per year to maintain this dependent class.

Not only did it cost this amount to maintain them, but the economic loss resulting from the withdrawal of this large number of

people from the earning class amounted to more than one hundred and thirty million dollars.

Not only is the care of the insane a great economic burden, but the burden is growing greater on account of proper and humane care of defectives, as the average length of life of insane and feeble-minded persons showed an increase of eight years in one state where accurate records are kept.

WELFARE AGENCIES

There are at present a large number of organizations engaged in preventing disease, saving and prolonging human life and promoting health and happiness. The Federal Government, through the United States Public Health Service, is accomplishing work of inestimable value. This Federal Bureau of Health has charge of the Quarantine Service of the United States and its possessions. During the fiscal year 1914, 8,788 vessels were inspected at the 49 domestic quarantine stations and 5,582 vessels at the 34 foreign and insular stations of the Service. All immigrants entering our country are examined by Service officers, in order to exclude diseased persons; the number examined during 1914 being 1,485,957. Of this number 41,250 were certificated for deportation on account of diseases or impaired physical condition.

The Division of Scientific Research is conducting investigations along many lines, some of which are the study of interstate spread of tuberculosis, the cause and cure of pellagra and leprosy, the prevalence and prevention of malaria, typhoid fever and hookworm, the hygiene of schools and the pollution of interstate waterways. The Division of Publications and Statistics, through weekly Public Health Reports, Reprints, Bulletins and Supplements, renders the information so gathered accessible and useful for health officers and others interested in sanitary work.

State, county and city health departments, throughout the United States, are developing into more efficient agencies for the prevention of disease. Their work is accomplished largely through building regulations, betterment of industrial conditions, inspection of milk and other food supplies, regulating the disposal of sewage and preventing the pollution of local water supplies, inspection of schools, the elimination of insect carriers of disease, such as mosquitoes and flies, the enforcement of vaccination, and such other regulations as are properly the function of State and city governments.

In addition to these governmental agencies there are a large number of organizations accomplishing much for the cause of sanitation. Among these might be mentioned the Society for the Study and Prevention of Tuberculosis, the National Committee for Mental Hygiene, the American Social Hygiene Society, Insurance Companies and many large industrial corporations.

LIFE INSURANCE COMPANIES

Life insurance companies exert a most constructive influence in enabling better economic conditions to exist.

In the program of this World's Insurance Congress there is this statement which I would like to quote, regarding the object of the second day of the Congress:

"The day is designed to bring to the fore the part that insurance plays in conserving and bettering citizenship through the prolongation of life, the cementing of family ties, preventing poverty, the upholding of law and order, maintaining credit, bettering architectural design with safety, preventing fires, accidents and casualties of all character; improving sanitation, uplifting the individual in the eyes of himself and the community; and ultimately acting as the binder which draws men together for a harmonious perpetuation of peaceful pursuits upon a constructive basis."

As a new and greater San Francisco was enabled to arise from the ruins of nine years ago with the four hundred million dollars from insurance companies, so are the lives of dependent women and children protected with the proceeds of the life insurance policy, and through the maintenance of the home and opportunity for education the value of human lives as a national asset is greatly increased.

The actual prevention of disease and improvement of living conditions resulting from the health propaganda of insurance companies are of great value to the citizens of our country.

It is probably only a question of time until life insurance companies will carry out their welfare work on some such similar scientific basis of coöperation as the "merit system" of premiums now practised by many casualty companies. A start could be made with the merit system by giving the total abstainers a lower rate, as the records of the New York Life Insurance Company show that total abstainers have a death rate 23 per cent lower than other classes of risks.

It has already been stated by Messenger, of the Travelers Insurance Company, that if the insurance companies could reduce their death claims by one per cent, they would save more than eight times what it would cost. The death claims could be reduced one per cent through a campaign of public health education. Sufficient funds for carrying on a very extensive and thorough public health work could be obtained if the thirteen millions of dollars a year now paid by insurance companies for taxation in the various States could be set aside for this purpose.

Even the surplus of this tax, after deducting all expenses for supervision of insurance companies, would enable much valuable public health work to be financed. And no doubt the day will come when State authorities will see the reasonableness of such a dis-

position of these funds, gathered from the thrifty citizens that are protecting their families.

The object in presenting the subject of "Human Life as a National Asset" in this manner is to show that we as a nation are not careful enough in protecting our greatest asset. Through neglect of physical conditions of childhood, such as are found on inspection of school children, neglect of education in trying to have children earn money, or through economic conditions practically forcing many persons to become unable to give the right start to their offspring, the value of individuals as citizens is greatly impaired.

The ravages of preventable diseases cause the loss of many thousands of valuable lives, and much human capital is thus wasted.

No greater return can be secured from an investment than can be gained from money spent to fight disease through sanitation. Improved sanitary and economic conditions save lives, promote health, result in happiness, and make possible the acquisition of wealth, both for the individual and the Nation.

WHAT THE PANAMA-PACIFIC INTERNATIONAL EXPOSITION IS DOING FOR THE CAUSE OF LIFE CONSERVATION

BY ALVIN E. POPE

Chief, Department of Education and Social Economy

An exposition is a great educator. It is an organization whose function is to collect ideas from each and every part of the world and transmit them throughout the nations. It collects new ideas, isolated ideas, ideas confined to a few individuals, ideas restricted to a small territory—and spreads them throughout the civilized world. It collects well-known ideas and makes them better known by extending them into localities where they were previously unknown. It also stimulates those who participate in the exposition to the discovery of new ideas. The millions of people visiting an exposition carry these ideas home and distribute them throughout their respective communities. These ideas soon become the nuclei for nation-wide movements; thus they live forever in the minds of those who saw and stopped to learn.

The division of Exhibits is divided into several departments which deal with such subjects as Machinery, Manufactured Products, Agricultural Products, Live Stock, Social Economy, etc. Social Economy is that department which deals with man, both as an individual and as a member of a community. Education, theoretically, is a branch of Social Economy, but on account of the

extent of its activities a separate department has been created for it. The policy of the Department of Social Economy has been from the first to emphasize Life Conservation.

The Panama-Pacific International Exposition is held in commemoration of the completion of the Panama Canal. The completion in the Canal was made possible only by the rigid application of modern principles of hygiene. The French had the engineers, the equipment, the capital, and the energy to have completed the Canal, but they lacked knowledge of the rules of modern hygiene. They placed little basins of water under the legs of the tables and beds to prevent the annoyance of insects. In those basins were hatched the mosquitoes which carried the deadly yellow fever and malaria germs. These diseases completely debilitated the working force and led to the disintegration of their whole organization.

Therefore, it is fitting not only that the Department of Social Economy should recognize Life Conservation but that a special day should be set aside to do honor to the forces which made possible the completion of the Panama Canal.

In early childhood we fear the dark and the bogie man. The ignorant live in terror of ghosts, goblins and loup garous. The timid fear mice, bats, snakes, thunder, etc. None of these harm us. On the other hand, we do not fear the fly, the mosquito or the flea, which are often the carriers of disease. Our great enemies are small, some of them so small we cannot see them with the naked eye. The malaria germ prevents the creation of more property; it causes more poverty and disease in one year than the European War. The hookworm, tuberculosis and cancer each are more destructive than the horrible conflict now raging in Europe. Likewise, it is our little daily habits, which we do not fear, that undermine our constitution—habits which are more dangerous than the great calamities we so dread.

We have before us to-day the Generals who are conducting the campaign for the Conservation of Life—Health, Happiness and Prosperity; who are waging a war against poverty, misery and disease. They attack these forces from the standpoint of prevention and efficiency. This war is carried on principally by educating the public. In all civilized governments progress must be made by enlightening the common people. Reforms cannot proceed far unless the public knows the reason for the reform. It is dangerous to abandon the public and leave the field to quacks and mountebanks.

The Panama-Pacific International Exposition is one of the world's greatest factors in teaching the public. The Department of Social Economy was organized with the one desire to teach the lesson of Life Conservation to the multitudes visiting the Exposition, to teach them so effectively that these lessons will become the nuclei of great movements. The future of the nation, the future of the race, the future of civilization depend upon these principles.

It is not only possible to eradicate every contagious disease but to annihilate all these evils. We must begin by reducing their ravages, and our motto shall ever be Reduce, *Reduce*, REDUCE.

LIFE CONSERVATION AND MEDICINE

BY DR. HARRY M. SHERMAN

President, California Association for the Study and Prevention
of Tuberculosis

At a time when large enterprises, under the auspices of a larger enterprise, come together to accentuate and celebrate the conservation of human health and life, it is impossible that medicine shall not be represented and be heard from. Really, it seems to me, if there were no personal representative of Medicine present here this day, Medicine would still be represented—the Medicine which heals and the sister Medicine which prevents—for nothing that can be done or planned for any conservation of human health and human life can escape from being part of Medicine, and by medicine I mean that broad, universal impersonal endeavor to prevent or to heal—so long as the endeavor is based on accurate knowledge of conditions and processes and scientifically logical workings out of the methods to be employed. It is impossible that a science and an art which has been studied, elaborated and practised for twenty-five hundred consecutive years—a science and an art that is, then, older than the Christian religion—should not have a control which must make it the dominating power in everything pertaining to human life. Medicine meets each one of you when you first enter life. Medicine takes each little child by the hand and conducts it through its play and its rest. Medicine decides the life of a youth. Medicine controls the development of the man. Medicine follows us as we go down into the vale of years; and Medicine finally is by our side when we slip out into the great sea that is somewhere beyond. In its self-appointed guardianship of life from life's morn until its eve, what has Medicine put upon its own shoulders, what has it demanded of itself in the way of preparation, what tests has it set forth by which those fit shall be judged, what has it done in this field which it so broadly claims as its own? It is repeating history to tell you that from the time when the father of Medicine—Hippocrates—twenty-five centuries ago, first talked about observation of disease as a means of gaining knowledge of its natural history, Medicine has pursued the path indicated by him and has constantly been true to the scientific ideal of learning, of knowing and of practising. It has kept to this ideal undeviatingly, in spite of all possible “isms” and “pathies” which have, from the beginning even until now, hung upon the skirts and followed in its footsteps. It has kept

in this same path through all of the changes which have occurred among crowned heads and governments; the falling of a nation or the founding of a new one have been but side incidents in the progress of medical study, and while Medicine has been in and a part of every government in every place, it still has not been in any way controlled or dominated in its final form and intent by any of the laws of man, just as no man made laws can modify or suspend natural spontaneous phenomenon.

Advancing thus from one point of knowledge to another, though not without periods of delay or almost retrogression, and after holding back from man's apprehension for long stretches of time, the secrets he has struggled to learn, Medicine comes to you to-day, a science and an art—a vast fund of knowledge to which every other science, and every art, and every corner of the round world has contributed, and a procedure based upon that knowledge which has preserved health, lessened suffering and postponed, in countless instances, the inevitable end which we all must meet.

Matter, as we see it about us and in us, consists of that which is lifeless and that which lives, and the living consists of the unconscious living and the conscious living, and the conscious living includes man. To extend in time that phenomenon of matter, life—conscious life—is to continue the most subtle and complex of chemical combinations and reactions, and to control, for the time being, life. How far Medicine has gone on this path no one here, not even the simplest, can avoid knowing—in part at least; how far Medicine can go no one here, not even the wisest, can foretell, except that all will probably agree that Medicine will never unravel that master secret which would tell just where the dead and the living are separate, the dead ending and the living beginning—but until that point, all is possible.

In saying that Medicine has been unaffected by the laws of man I do not forget, nor mean to say, that the practice of Medicine is so exempt. Fortunately for us the reverse is true—for in every civilized state man made laws control the exercise of the knowledge of the nature made laws of Medicine, just as they control the exercise of the knowledge of the nature made laws of physics by the engineer, and the exercise of the knowledge of the nature made laws of chemistry by the chemist. Laws have very wisely been passed which control medical practitioners and indicate how much study medical students should do before they are given legal right to practise, but the point that I wish to make here is that Medicine itself has always been the instigator in the passing of those laws, and that it has had always to plead for a higher ideal and higher standards than the laws themselves ever gave. (And then in its own place, Medicine has pursued its goal, quite beyond the impulse or restraint or the control of any law.) It is a truth that in this United States of ours there is not one State which has medical laws upon its statute books, and they all have them, in which those laws were not primarily put there by the initiative

and on the insistence of the medical profession, and always, also, have these laws been set to a lower scale than that which the medical profession itself asked for. Protests against prolonged preparation and exacting tests of fitness by those anxious for an easy road into the practising of some phase of the healing art have always been listened to by legislators, and the standards asked for by Medicine have been toned down to meet the desires of these lower groups. Legal protection of the medical profession by medical legislation, as it is thought to be by the unobservant, really is legal protection of the layman, for these laws which forbid others than the properly instructed and thoroughly qualified man to undertake the task of healing the sick—and in doing so assuming the responsibility for the perpetuation of the phenomenon of life—put upon the medical student the tasks of becoming thoroughly proficient in everything of hand and head and heart which go to make him a competent practitioner, tasks which are so heavy that at the present time more than seven consecutive years of unremitting study alone will fit a man to qualify; and while the law does say that from that time on he and he alone shall have the privilege of caring for the sick, the law puts no limit to the number of those who may so qualify, provided that they have the necessary understanding and energy; so that there need be no limit to those who seek to become ministers or servants in fighting disease.

The monopoly is not a monopoly in the fact that there is no exclusion of the fit. It is only a monopoly in that sense which is praiseworthy—the sense that only those who are qualified to carry the burden shall put out their hands to take up the load.

Outside of this phase, what is Medicine doing? What standards is it setting for itself, independent of State control? How is it preparing to meet the problems of to-morrow? Where has it set the mark beyond which it would say “I can go no further”?

The past must be the index of the present and of the future, and with such facts to its credit as the mastery of malaria, and of yellow fever, the throttling of smallpox, the curing of diphtheria, the prevention of bubonic plagues, the practical exclusion, through preventive injections, of typhoid, the real domination of tuberculosis, and finally, the message for which many have waited in the past in vain, but which can now be given with an assurance of its absolute truth—the control of cancer—with these facts accomplished facts, and all of them within recent history—many of them within the recollection of those present—who can tell what may be the discoveries and accomplishment of the next decade or the next score of years of the next half-century? This question is all the more inspiring if it is remembered that the standards of the past—the standards under which what I have recited has been accomplished—will be the standards of the future, that there will be no let-up in energy, no slackening of effort, that there will practically and actually be an observer present to observe every most minute phase of anatomy, physiology, biology, and pathology, and

physics, which can affect in any way, even in the most insignificant of ways, the control of all disease, and its proximate elimination which is the ultimate goal of Medicine.

It is by this mastery of the problems of to-day that medicine is preparing to meet the problems of to-morrow, preparing through sanitation to lessen hostile elements to life, preparing through surgery and international medicine to control diseases already established, and nowhere has there ever been placed and nowhere can there ever be placed a limit beyond which it will not go; for just as sure as there will always be a to-morrow, so that to-morrow will always have its tasks for men.

The conservation of health and life, the keeping of that God made and Nature given gift—conscious and intelligent life—why, every act of Medicine, from the doses given by the mother to the child in the nursery to the major surgeon in the operating room, have each that motive—conservation of conscious life. Every phase of medical activity, every observation of a natural phenomenon which may have, even remotely, an effect upon living organisms, every dollar spent in buildings for medical study and research, and every stone or brick laid in the construction of these buildings has the same great object, the conservation of health and the prolongation of conscious life, the extension of the ability to think—the keeping of a man.

Now for this great purpose Medicine is doing certain specific things and these things you should know and remember.

In the first place, Medicine is accepting as her ministers only those who are properly prepared and fit. The medical student of to-day practically begins his studies for his medical work in the secondary schools—makes that more definite in the high school and must have made a specific choice of his life work as he enters the university. Now from this time to his degree is six or seven years—one-tenth or one-twelfth of the Biblical promise of life.

This plainly can be done only at a tremendous cost of effort and energy, but in addition to this the cost in money is so great that none but those more than ordinarily provided with money could expect to pay for the instruction; and so the great universities have taken up the task, and out of large funds supply, for a price that is within the means of the average man, adequate medical instruction.

This is one of the debts which the people owe to the universities—a debt that must always grow, and a relation of the people to the universities that must always be more and more intimate, and that for this reason:

The civil engineer, university bred, the people never know as such unless he has official position—or builds great works which make his name so famous that he is removed from ordinary classification. There is nothing obviously intimate between him and individual human health or human life.

The lawyer, university bred, touches the life of practically every

man—but only in its civil or social relations, and both of these relations may be apart from the personal life of the individual. He never knows all there is to know of his client.

The clergyman, university bred, also touches the life of practically every man—he gives him admission to church, and blessings on great epochs and events, and lastly smooths the tired road of doubt to the sleep of final content. But, even he never knows all that there is to know about his charge. There are things which are not told to him and which he knows not how to find out.

The physician, he, too, university bred, comes from the university, through the hospital, to the sick room and the nursery. He meets you in the closest association, he touches the persons of yourselves, and the persons of your wives and of your daughters. He does more—he suspends your consciousness, he opens your bodies and he tests, he analyzes—he discovers and he knows. There are very few secrets—personal secrets—that can be kept from him. And through him, through his most intimate relations, the universities and the medical schools come into a very real relation with the lives of men and women that is exceeded by no other. In this way Medicine is endeavoring to prepare for you able and trustworthy practitioners—who will help you and not harm you—and in whose care all those who are dearest to you will be safe.

Afterwards—in his profession—the medical man is kept up to the mark in his work by the stimulus of competition which is regulated by his societies. He is made to continue study and to accumulate knowledge and gain experience and is definitely prevented from that retrogression which is always present when progress is not. These facts are alluded to because the object of societies of medical men is not understood by many men in this essential characteristic. But—and of this I am sure—the time is coming when toward these same societies the layman will have a debt of gratitude equal to that which he will and does even now owe the university; for the time is coming when medical societies, in States and for the whole country, will require an examination for admission to supplement and to make up for the inadequate protection against incompetence now afforded by the State. At that time there will be no danger of not knowing the rating of the man who comes into your house to care for your sick. Either he will belong to the profession of Medicine—the Medicine that has given you all that I have enumerated and more, and, mind you, nothing apart from Medicine has ever given you any such thing—or he will not be of the profession of Medicine.

Finally, and chiefly in the last score of years, Medicine is establishing laboratories of investigation and research. Here the problems of the cause of disease, of the healing of the sick, and the repair of injuries—all reduced to their simplest terms—are studied in detail, and so the complex is comprehended. Here in this city, by the generosity of one of our fellow citizens, is already the Hooper Foundation for Medical Research—given into the

charge of the University of California, the university that belongs to the State, and that is owned, in part, by every citizen of California, and in the success and glory of which every Californian has an interest, no matter what may be his other affiliations or relations. Here Medicine and the University, together, are again working for health conservation and life prolongation.

Up to the present time I have been speaking of Medicine and its relation to conservation of health and life, but this is only one side of the question. How about the other side? How about you—the layman whose health and lives Medicine is planning to conserve? How about us medical men who always become laymen when we get sick, and who unhappily share with the rest of mankind, the tendencies to do not the wisest things always—and who suffer with you the ills of the flesh?

What attitude does Medicine ask of you? What part must you play in this great scheme that you may profit by it and through it be saved?

In the first place, Medicine asks of you comprehension—and an understanding and collaboration. Medicine asks of you no faith—no believing. Medicine to-day has nothing occult which requires an act of faith—nothing incomprehensible which requires blind believing. Medicine knows, or it does not know—but, what it does not know is of no different a nature from what it knows, and as each new bit of knowledge is acquired it fits into its place among the things known and makes no break in the pattern. Medicine asks and demands the appreciation of the men working in Medicine, of the men not working in Medicine, for it is only to those who appreciate, who understand, who collaborate, that Medicine can give its best—for these it has much to give generously. For those who appreciate, who understand, who collaborate and who come for help soon, early—Medicine can give and is even now giving definite hope and specific control of that which has in the past disappointed hopes and baffled effort—that death in life—cancer. These are no idle words uttered to complete a phrase or round out a sentence. They are said in all honesty and seriousness. The control of cancer is an accomplished fact—if you appreciate, and understand, and collaborate.

And to those who do not or cannot appreciate and understand and collaborate—because they believe something else—to those when they come, for come they do, even though it be at the eleventh hour, Medicine again holds out a willing hand and offers relief or help in proportion to the needs, and to Medicine's ability. In its catholicity of service Medicine recognizes no bar to an applicant, no rule of exclusion. Medicine is part of Nature. Medicine is Nature's reparation—and so belongs and is given to all the children of Nature.

LIFE CONSERVATION AND SOCIAL ECONOMY *

BY MILES MENANDER DAWSON

Consulting Actuary

There are two ways in which the lives of individuals may be made most useful to their fellows, *viz.*: (1) by increasing their capacity for service and (2) by maintaining them alive and in condition to serve in the largest possible numbers until ability to be of service shall be exhausted.

That length of years may be useful to others, there must be both the will and the power to serve; but, granted those things, length of years, up to the age at which the strength normally begins to fail, should make for increased capacity for serving others.

There is, therefore, in the conservation of life great possibilities of good for humanity, both in that there will, or should, be greater ability to serve as well as more years in which service is afforded.

This may be illustrated in the following ways: Suppose that the generation about to be born should succumb entirely before passing the years of infancy; there would then be no balance of service of others at all, because infancy requires a balance of service instead of bestowing it. Or suppose that the population survives, on the average, only to age 35, and, if you please, that to age 20 the individual produces no balance of service over his own requirements, but instead the contrary. Then, obviously, if this average meant that all survived to age 35 and thereupon died, each would live but 15 years during which he would, or at least might, be of service to others; and since all who live beyond age 20 have survived all the years of age up to age 20, while others have died before reaching that age, to say that all average to live to age 35 means that, for each person born, an average of more than 15 years' service of others is had. This may mean, however, say 40 years or more on the average for those who have survived to age 20. The average excess over age 20 may nevertheless, be taken for rough but illuminating comparisons, as relatively significant.

Life conservation, then, so far as it can possibly affect society favorably, is, first, the bringing to maturity, say, age 20, of as many persons capable of serving as possible and their preservation in as large numbers as possible through the years up to age 70 at least, or even 80, or such higher age as witnesses the disappearance of ability to serve or at least a clear preponderance of need for service over ability to give service.

In Germany, where public sickness insurance on a compulsory basis has been provided for wage-earners since 1884, the insured employees contributing two-thirds and their employers one-third, their respective representation on the governing board being pro-

* Not read.

portionate, the result, according to Dr. Zacher, President of the Imperial Statistical Office and the highest living authority on social insurance, has been that the average age attained at the time of death has been increased from 38.1 to 48.85 years for men and from 42.5 to 54.9 years for women in the course of the 30 years from 1870 to 1900. No such remarkable increase in average longevity has ever previously been noted and it may be confidently asserted that this experience is utterly unprecedented.

Taking age 20 as the adult age at which one reaches the stage of producing more than is absolutely needed for his own support and thus creates a social balance, this means an average life of social service per male person born, relatively, of 28.85 years instead of 18.1 years, an increase of very nearly 60 per cent in the number of years and, assuming increasing efficiency proportionate to years of such service (which is perhaps nearly fair on the average), much more than 60 per cent increase in the quantity and quality of the social service. If an average improvement in efficiency of but five per cent per annum were assumed, the summed product of the efficiency represented by the new average longevity of say 29 years beyond age 20 would be 61.32 per male person born, as against 29.54 for the old average longevity of say 18 years beyond age 20, or more than double. Nothing can be claimed for the correctness of this assumption which may be over or under the fact, but, while it is true that the average rate of increase of efficiency would in fact be high at the outset and low or even negative at old age, it is also unquestionably true that the benefit to society of this increased longevity is much greater than the mere rate of augmentation of the average longevity beyond age 20. The increase in the average productivity of men beyond the age 20 must, I should say, be at least doubled. This means a higher standard of living for the entire people.

The foregoing is not, of course, the view which the individual has of the conservation of his life. Nature has implanted in each the will to live, at least so long as he can do so without intolerable pain, and next to that the will to enjoy. But society, which means a man's fellows, is not interested in his living when his life produces no balance of benefit to the whole.

If, therefore, life conservation were merely the preservation of lives which absorb from the goods and services produced by mankind more than they contribute, it would not be economical from a social point of view at all.

Fortunately Nature has so designed man that, when he withdraws from action, his powers soon disintegrate and his life, spent in self-gratification only, is likely to be short-ended. It is only the active parasite, bent upon preying upon others, who may, notwithstanding, be preserved like wolves and cormorants, through his very activity. But with these, social economy is not otherwise concerned except that they should, if possible, be transmuted into

useful citizens; otherwise, society is certainly not interested in prolonging their lives.

As regards the socially valuable, what then is the problem? Plainly, to bring to maturity as large a proportion as possible of those who are born and to carry as many of these as possible safely through the years of productivity and up to old age.

As regards society as a whole, it is not important whether a larger or a smaller number be born, though it may be significant as to whether or not a nation shall hold its own against other nations in trade or war; but society as a whole is concerned exclusively about the quality and serviceability of the children that are born into the world, and future generations, though limited in numbers, would be better served if fewer and better children set out in their generations, respectively. But that is another question; we here discuss not the generation but the conservation of human beings.

Yet right at the threshold of our chosen subject, in considering how as large a proportion as possible of those who are born may be brought to maturity, it is plain that these chances will be much increased if children are well-born, that is, of strong and healthy parents, and are brought into the world under the most hygienic and sanitary conditions. It is not, therefore, feasible wholly to omit mention of eugenics from a discussion of life conservation and social economy, because to be well-born makes both for vitality which is requisite to length of years and for vigor which by overflowing one's own requirements enables society to be served.

As regards procreation by strong and healthy parents, society is already alive to the desirability of the inhibition of marriage in certain cases. Control over individuals in this regard is, however, most difficult and, if men are to be free but accountable for abuse of freedom, undesirable except as to persons who, by reason of feeble or depraved minds, are really irresponsible. Among human beings, it is most probable that the true solution is in greater freedom and particularly in saner views of life, which together might make the selection of mates by the females of the human race more certainly effective. The fact that hybrids are almost invariably children of mothers of the inferior race and of fathers of the superior race shows that among females of all these races the influence of sexual selection is at least as powerful as among lower forms of life where Darwin first discovered that it was operating. Few women, indeed, would with eyes open and undeluded, if in perfect freedom to choose, select weak, diseased or defective fathers for their children. But this also lies without the province of this address.

As regards care during confinement, delivery and lactation, this comes very directly within the scope of this paper, but it constitutes a part only of the general consideration of provision for sickness which is here proposed. Accordingly, it is postponed,

to be taken up with sickness insurance in general, with respect to life conservation.

The foregoing clears the ground entirely so that we may proceed to discuss how, through insurance directly or indirectly, children, already born into the world, may be brought to maturity in healthy and vigorous condition and then be maintained alive and in such condition up to old age.

Even here life, accident and sickness insurance on the lives of their progenitors or others who become responsible for their support and care may be of great importance; because by the failure of such a life or by its invalidity, the education and care and even the support of children, both so essential to survival and to fitness for life, may be endangered, impaired or even rendered wholly inadequate. Insurance, therefore, even before it is applied to the individual human being, has already blessed him, in fact in case the need has arisen, or in any case potentially, through the life, accident and sickness insurance carried by persons financially responsible for his support, care and education.

After the birth of the individual the ways in which his longevity may be increased are confined, aside from moral training, which is without the pale of the discussion here, to sanitation which affects his surroundings, to hygiene which affects the care of his health, and to treatment or means of cure which affects his recuperation in event he is stricken with disease.

All of these things are obviously such as might be greatly influenced favorably by insurance. It must be borne in mind, however, that it is not fundamentally the business of insurance to influence any of these things favorably if it be merely a promise to pay money, or even to provide medical service and medicines as well as to pay money in event of disability, or a promise to pay money in event of death. The business of the insurance company is to provide these benefits in consideration of premiums paid to it. If it fixes its premiums high enough to cover the losses and expenses and to yield a profit, it has conducted its business just as well even though the losses should be large, because by the hypothesis the premiums were also correspondingly large. In other words, as an insurance company *per se*, it is not in the least interested whether the risks are great or small, so long as it is able to gauge the risks successfully and fix premiums which will yield a profit. These things are merely truisms to insurance men, but they require to be re-stated at this time in order both that the want of complete adaptation to the task of improving the longevity of a people and the very considerable amount of altruism involved in the efforts to improve longevity which these companies or some of them put forth may be fully appreciated.

The things which have been done by some of the insurance companies in the United States toward improving sanitation, care of health and even treatment and means of cure are by no means inconsiderable. It has not been many years since, for instance, the

three great industrial life insurance companies reported mortality in excess of the American table, this being due to the heavy mortality among their industrial policyholders who are literally millions in numbers and embrace all ages. When it is said that the effect of this heavy mortality among the industrial policyholders put the total mortality higher than as per the American table, it should be explained that this was even more significant than these words may appear to imply; for in the first place all of these companies had a large "ordinary" business among select lives who were insured for amounts of \$1,000 or more, and the experience of each of them in regard to this business was as favorable as that of most companies, which means that it was materially lower than the American table; and, in the second place, as the American table represented a mortality nearly if not quite one-half larger than that upon well selected lives under good sanitary and hygienic conditions, it follows again that the standard applied to the aggregate of their mortality experience was much higher than experience would warrant.

What has taken place in the last ten years has been a steady decline in the ratio of the aggregate mortality in these companies, including both industrial and ordinary policyholders, until in each case it is well within the American table. Nearly all of this has unquestionably been due to a marked reduction in the mortality among industrial policyholders.

Two mortality tables, known as the Standard Industrial and the Substandard Industrial, have been prepared by one of these companies from data collected from its own experience. Neither of these exhibits in any degree the favorable results of the more recent mortality experience, for both of them show mortality very much in excess of the experience by the American table. It is worthy of note, likewise, that these tables are so graduated as to produce higher reserves than by the standard tables although the usual effect of heavy mortality at the younger ages is to increase the premiums but reduce the reserves. This has been accomplished by graduation, which causes these tables to exhibit very high mortality, not so much at infantile ages and in middle life, but, as compared with other tables, at the ages 40 to 70 inclusive. If they were to be accepted as an indication of the actual conditions still obtaining, all that has been said in the foregoing would require to be obliterated.

The fact is, however, that a great improvement in mortality among these policyholders has taken place. It is by no means the case that it is shared entirely by the smaller companies engaged in the industrial life insurance business. Most of these accept freely negro lives and perhaps some other classes of lives which are either excluded or at least not favored by the three great companies, and in any event they usually exhibit materially heavier mortality.

The first cause, then, which is at work to produce lower mor-

tality among these industrial policyholders is careful selection, which is a cause that operates not to bring about greater longevity in the community but merely to obtain for them as policyholders those of the community whose prospects for longevity are better than others of their class.

There are, however, at least two other things which these companies have done and are doing, by means of which the prospects for longevity of those who have become their policyholders must be very considerably enhanced. One of these is the constant dissemination of literature, simple, to the point and attractively presented, which describes the perils of bad hygiene and of failure to obtain promptly medical and other attention. These have been distributed by the tens of millions, printed in every language which the policyholders of these companies read. Their delivery has not been entrusted to the mails but has been made one of the duties of the collecting agents who are expected to call for premiums every week. In consequence, they get immediately into the hands of those who are, or should be, interested.

The second great thing which in some part accounts for the improved conditions, is the introduction of free visiting nursing service. This has so far been confined to policyholders residing in certain more or less congested districts where it is possible economically to arrange for the employment of the full time of nurses or to make arrangements with some organization of nurses. The character of those whose assistance has been enlisted, as well as all the reports concerning their work, attest that this has been no child's play and that a very considerable reduction in mortality, especially among infants and women, must have been the result.

It is not possible to say the same, so far as I am advised, about the operations of the industrial health companies. Whether there be considered the dollar-a-month industrial health business, such as have obtained a strong lodgment in the North, or the weekly premium industrial health business which has so strong a hold upon the negroes of the South, in both cases there has been little or no attention given to improving the conditions as regards sanitation, hygiene or means of cure of those who are insured. These companies are still confining themselves to the collection of what they believe to be adequate premiums to cover their expenses and losses and yield a profit.

There is one great difficulty about an insurance company which is interested in not having to pay a claim, obtaining or perhaps even attempting to obtain the confidence of policyholders, which should here be mentioned. It is that one of the most obvious ways of reducing the death rate in an insurance company is by some means to get rid of the life just before it fails. This, for instance, in industrial insurance could conceivably be accomplished—and it has been accomplished in the cases of certain vile concerns beyond a question—by the agent failing to call for the premium until

the time within which it could be paid has elapsed and the company then refusing to accept it. It must be remembered that while the custom is for the agent to call for premiums, the company is under no obligation to have him do so. This applies both to industrial life and to industrial health, and indeed to all forms of life insurance and health insurance business.

It requires a peculiarly broadminded management to appreciate that it is far better not to attempt to save money that way; and one of the difficulties which a company that is so fortunate as to have such management is certain to encounter when it endeavors to take part in the rehabilitation of health or the saving of life, is that it may be met with a suspicion that its purpose in even entering into the matter is to get itself in position as soon as practicable to get rid of the policy, if the life be found to be impaired.

In the last five years there may perhaps have been something done in the United States toward improving the chances for longevity of some of the working people by means of group insurance. Under group insurance policies the companies cover, for instance, all the employees of a given employer. They do not have the option of excluding some and accepting others. Consequently they cannot gain by attempting to eliminate those who are not likely to live long. Although it is still true that it is their business merely to correctly gauge the risk and to charge the right premium therefor, it is likewise true that they can have a temporary advantage and perhaps even a permanent advantage by reducing the mortality in the group—certainly a temporary advantage because the premiums are fixed for at least a year and sometimes for five years, and possibly a permanent advantage if the employer does not require them to make it good to him either in participation or by reduction of subsequent premiums. In any event, there is a very considerable incentive for the companies undertaking to encourage sanitation, hygiene and means of cure, and undoubtedly a good deal of progress has been made in this direction with the active coöperation both of employer and of employees.

Another form of insurance which is carried on by the employer coöperating with his employees is known as "mutual aid" or "relief" insurance. This usually provides not merely for the payment of cash benefits but also for the supplying in part or in whole of medical attention, necessary medicines, etc.; and it often extends to supervising or at least to encouraging sanitation, hygiene and means of cure, always as regards the individual workmen and not infrequently also as regards their families. This form of insurance is essentially social insurance, especially where the employer either requires all his employees to be participants in it or favors their doing so by giving the preference, in taking on or laying off employees, to those who are insured in the fund. In such case it runs not as a plan merely for providing cash benefits, but also and very particularly as a comprehensive plan, carried forward by coöperative effort, for improving the social and economic

conditions, including very particularly the health and prospects for a long life, of the employees.

These things, which have so far been discussed and which are all that has been accomplished and perhaps not very far from all that could be accomplished by insurance companies and voluntary insurance, are, of course, as nothing compared with a State or National system of social insurance which would, if reasonable, completely provide, as in Germany, Great Britain and several other countries of Europe, for the care of wage-earners and perhaps of all the members of their families during sickness, with a cash benefit in event of the sickness of the wage-earner so that his family may be supported, and also provide for the maintenance of the widow, children during their helpless minority, and other dependents in event of the death of the wage-earner. Such a system, operating on a plan that calls for the employees, their employers and the State, all three being contributors to the funds, taking part in the management, is particularly well adapted in every regard for bringing about improvements in sanitation, in hygiene and in medical conditions, all of which tend to bring a larger number of children up to the age beyond which they may be expected to contribute more to society than they consume, and to maintain them alive for a longer average period after attaining that age. It is the experience, where such systems are in use, that there is a tremendous amount of interest taken in ascertaining as accurately as possible what the causes are which are operating to deprive children and men and women in youth or the prime of life of their lives, and the very first prerequisite to deal with these causes is obviously to ascertain that they are operating and to what extent. Concerning this we now have very scanty data, and the information also does not come to us with the force which it would have come, were this waste of human life to be translated in part into dollars and collected in contributions to insurance benefits, medical care, etc., from all concerned.

It is not mere theory either that such will be the result. Dr. Zacher, who furnishes the figures already quoted concerning the increase of longevity in Germany between the year 1870 and the year 1900, which amounts to nearly if not quite doubling the effective energy of the German people per person born, is entirely clear that, while other forces have been at work, much the larger part of this wonderful record is due to the presence and activity of social insurance, which, since it has no avenue of escape from paying the benefits in event of death or sickness and has no profit in sight to cause it to fail to consider the burden which is being imposed, necessarily directs its attention in large part and as one of its prime objects toward the elimination of the causes of early deaths. It is not reasonable to expect that we will in any way duplicate this experience without making use of the same system, which has now been thoroughly tried out for more than thirty years.

The ideals which should, in my opinion, be before us are:

Primarily, to bring as many of the children born to maturity as possible and then to maintain as many in life and vigor to, say age 70, as possible—all the children born to age 70 if, or when, that shall be possible.

Through relief by insurance, afforded as a public matter, compulsorily and at the lowest cost, covering:

1. Medical care, nursing, medicines, and the like for all sicknesses or other disabilities, including confinement.
2. Compensation for loss of time during all disabilities.
3. Benefits in the form of annuities to widows, orphans and other dependents.

ACCEPTANCE OF MEDAL

Safety Work of Insurance Companies

BY CHARLES H. HOLLAND

General Manager, Royal Indemnity Company

Mr. Chairman, Mr. Done, Ladies and Gentlemen:

It is more than a great personal pleasure to me to receive from the Exposition this beautiful Medal—it is a signal honor, because this is the first time in history that casualty insurance companies have ever been so recognized; and on behalf of the liability insurance companies of the country, I wish to express our keenest appreciation of this recognition which the Exposition authorities have accorded to us.

It has been suggested that it might be of interest to you if I were to explain very briefly some of the accident prevention work that is undertaken by the casualty insurance companies; and perhaps before I attempt to do that I should try to explain in a few words what Casualty Insurance is, because an intelligent understanding of the insurance business generally is all too uncommon. Casualty insurance, then, has as its fundamental principle the provision of means for the reimbursement of the money loss occasioned to an individual when he is disabled by accidental injuries. It may be surprising to you to know that in the United States of America there occur every year more than one million accidents which disable men from work; and it was the study of these ever-growing figures, representing an important phase of the daily tragedies in human life, that caused certain casualty insurance men to start individual investigations as to how this great economic waste with its necessary accompaniment of suffering could be restricted.

You will realize that an economic waste is involved, for, in the first place, the individual who is injured loses his earning power

and ceases for the period of his disability to bear his part of the productive activities of the world. In the second place, those around him lose time as a direct result of his accident. I venture to say that if an accident were to occur in this Exposition at the present moment, within a very few minutes there would be many thousands of people gathered around the spot, in actual fact wasting time; and so in an industrial plant when a man is injured there is a natural impulsive cessation of work in his vicinity, and if the injuries are important there may be discernible during the rest of the day a feeling of upset and disturbance directly traceable to the accident. So, not only the injured man but also those around him suffer this economic waste; and indeed the world suffers in an intangible way by reason of the injured man's loss of vitality, suffering, pain and resultant misery.

The investigation thus started by some of the casualty insurance people disclosed the startling fact that the great majority of accidents are avoidable. They ought not to occur; and the very circumstances of their occurrence should indicate the protective means whereby their recurrence may be avoided. And so it came about that these casualty insurance people, still working individually, began to encourage safeguard work. They started the inspection of the plants they insured, and recommended to employers the installation of safety appliances. One of them would say to an employer, "I don't like the look of that machine, but its danger points can be enclosed; why not put a safeguard around it?" The employer would nearly always comply, and a great deal of very useful work was accomplished in this unorganized way. But a difficulty arose because there was no coördination in this work between the casualty insurance companies. They worked as individuals, without any coöperation; and what one company would consider a dangerous machine might be regarded differently by another. And there is no reason why I should not be perfectly frank and tell you that some years back this "safety work," which was in its inception, was considerably hampered by competition—the competition for business between the companies; for if in its desire for business one company told an employer that no expense need be incurred by him in providing safeguards, a competing company which had recommended the installation of safety devices might expect to lose the business. It is only within recent years that the companies have attempted to coöperate in this matter and bring together all their experience, all their facts, all their data, through the medium of the National Workmen's Compensation Service Bureau to which this handsome medal has been awarded, for the purpose of directly lessening the dreadful toll of life and limb which is involved in the present day high pressure of industrial activity.

The membership of the National Workmen's Compensation Service Bureau consists of practically every leading casualty insurance company in the country, and its plan of operations took this

form: The Bureau would investigate, through a corps of competent engineers whom it employs for the purpose, one of the leading industries, say, for example, the wood-working industry. Those engineers make a very thorough examination of that industry from the aspect of accident prevention. They examine every machine used in a wood-working plant. They watch the operations from every angle. They make exhaustive tests. They make a special study of each machine with a view to discovering by what means an accident might possibly occur in its use. And, having made those tests, having found the danger points in the machines, they set about devising safeguards; and when these have been exhaustively tested the Bureau publishes a volume called "Safety Standards for the Wood-Working Industry" which contains plans and specifications of the guards we recommend.

Similar inspections, resulting in similar safety standard books, have been directed at other leading industries.

And I would like to mention at this point that in the exhibit of the National Workmen's Compensation Service Bureau, in the Palace of Mines, you will find a large number of our engineers' original sketches, showing the danger points in various machines and the way in which the danger can be removed. I hope that you will all be sufficiently interested to visit that exhibit.

Now, the insurance companies, armed with this book, go to an employer and say: "Mr. Wood-worker, the rate for your workmen's compensation insurance, covering your plant as it is, is, say, \$5.00 per cent, but we have sent an inspector through your plant, and the inspector finds that you have an unguarded saw which is likely at any moment to cause a man to lose a hand or a finger. If you will guard that saw, and we will show you an inexpensive method, we will deduct so many cents from that \$5.00 rate. And you have an unguarded planing machine here; guard that machine and there will be a further reduction.

"But there are some danger points in your plant which we consider inexcusable—for example, this exposed set screw. We will not give you a reduction for covering that set screw, but we shall increase your rate if you do not cover it."

So you will see that the original premium will be increased or decreased according to the willingness of the employer to make his plant a safe working place.

After having gone through the mechanical hazard of a plant, we then examine it from another viewpoint. We say: "We will still further reduce your rate if you will put into your plant a First Aid Equipment, which will cost you only a few dollars and which takes up practically no room, but which means that if a man cuts his finger he will go to the First Aid Cabinet and have the cut cleaned and bandaged, instead of the old method of wrapping a piece of dirty rag around it, thus involving the danger of infection and blood poisoning with its probable result of the loss of his hand."

Then we look around the plant seeking still more simple defects, such as lack of sufficient light, loose floor boards, greasy floors, unguarded stairways, etc. And so, we go through the employer's entire operations, making recommendations to him which will, if complied with, at least help to eliminate avoidable accidents. That employer's premium rate may by this time be brought down from \$5.00 per cent to perhaps \$3.50, or it may on the other hand, if the plant is in a bad condition, be raised from \$5.00 to \$7.00 or more.

That, Ladies and Gentlemen, is very briefly the plan we are following; and perhaps you would like to know what the employer thinks of it. I am very glad to be able to say that employers generally have given our work a spontaneous welcome. We have found employers to be extremely human; they are not only willing to expend their money for safeguards, but we have found that they really are keenly anxious about the safety of their employees.

It has of course been our aim to make every safeguard we recommend as inexpensive as possible. Let me give you an example. Perhaps one of the most fruitful causes of injury is an unguarded fly-wheel. Now a fly-wheel when stationary looks anything but dangerous; it is smooth, probably polished, it has no cogs nor teeth nor sharp edges. But when that fly-wheel revolves it becomes a veritable trap for the unwary; and we shall never know how many hundreds of lives have been lost and how many thousands of people have been injured by their clothing having been caught in revolving wheels. You can, however, protect a fly-wheel, and protect it completely, by erecting a simple inexpensive railing around it, or by enclosing it within a wire screen. An expenditure of perhaps \$10.00 would protect any ordinary fly-wheel; and, so, every safeguard that we recommend will pay for itself within a very short time by the reduction in rate which it earns.

I have said that this is the first occasion upon which casualty insurance companies have been thus signally honored, and I can assure you we are gratified by this commendation of our work. We shall always be pleased that we had the opportunity of making our work more generally known by means of an exhibit in this great Exposition. I ask you to believe that the managers of casualty insurance companies are not undertaking this extensive safety campaign purely as a business proposition. It is, of course, good for our business; but apart from the fact that we naturally wish to eliminate unnecessary claims, we, too, are human, and we rejoice that we can aid in rendering more safe the places in which our fellowmen must do their daily work. Our slogan is that "Compensation for an accident is only an apology, while the prevention of an accident is a beneficence."

Ladies and Gentlemen, we are deeply grateful for this medal; we shall value it and look upon it with pride in our central offices in New York. And, while we know that the credit for this great Exposition, this wonderland of beauty, is due chiefly to the State

of California and in a very large measure to this remarkable City of San Francisco, we know also that it is in fact a World's Exposition; and so we hope and believe that while the Exposition authorities thus express officially their endorsement of our accident prevention work, we may take that endorsement as an indication that we are engaged in an undertaking that is earning world-wide approval.

THE SAFETY WORK OF RAILROADS

By L. E. ABBOTT

General Claim Agent, Oregon Short Line Railroad

Safety First is a Twentieth Century doctrine which concerns the human welfare. It is an application of psychological truths which has been rung out of merciless experience for centuries. It is, therefore, a plan which, if applied honestly and fearlessly, will solve the perplexing problem of to-day. It is truth not restrained by creeds or isms. In it is the spirit which maketh alive without the letter which killeth. To me its principles are infallibly true. It will bring to our great industrial armies to-day that which money cannot buy—contentment. It is our industrial gospel. It leavens the loaf of humanity. It will raise our industrial world to the highest plane, which spells homes, happiness, humanity for all. History shows that all reformations were but the outburst of human thought which had been accumulated on account of human doings inconsistent with progressive thought. Thus the epochs of the world are known. And, without appearing to be prophetic, I want to say that Safety First emphasizes an important point in our history from which succeeding years will be counted. I have already observed extraordinary events upon which can be predicated far-reaching results.

Every age, with its new conditions, has developed "the man of the hour." The man of to-day is he who has come up through the rank and file, who has been in a position to keep and has kept his ear to the ground, who has been able to analyze the common current thought which makes public sentiment, the strongest and most impelling power to action in our Republic to-day. His task is to harmonize the differences which seem to stand in the way of progress. So, when the gospel began to take unto itself an organization by which its principles could be carried back to the people to be sent through the refining process of common current thought, it was hailed with great approval by the students of sociology. We behold now with great approval a tangible humanitarian gospel which has been worked out of conflicting imagination. For the last twenty-five years we have not had peace, harmony and contentment in the industrial world necessary to healthy

growth. It could be well likened unto a volcano. We have heard the rumblings from within, but relying on our people to work out their own destiny, have looked forward to the time when the undirected forces within which were causing the ominous sound, would, like the roaring waters of the Niagara, be encompassed and directed to the needs and comfort of civilization.

I am not prepared to say whether the men who control the great railroads of the country were first to recognize the good in this new gospel or not, but I am prepared to say that from them came the first great concerted effort to give it opportunity to speak for itself. Right at the outset railroad companies gave to this cause liberally by way of investigation and application. They were soon convinced that it was a thing needed. Organizations were formed from one end of our land to the other. These organizations provided for committees to be composed of every class of labor, from the section men in the desert to the general manager, to meet monthly and discuss the physical conditions on the roads of our great country in the hope that we could obtain physical perfection. I want to tell you that I have been through this organization from the humble group of men on the line, who were discussing the advisability of having whistles shrill enough to reach beyond the range of the human voice to warn the foreigner of danger, to the gatherings of the general officers, and further I want to say that I have felt that same humanitarian spirit all along the line. Nothing has been curtailed by conventionalism for greed. There has not been one part of the railroad from the dating nails in a tie to the depot but what has been discussed and changed for the safety and welfare of the employees and the traveling public. Here let me explain for fear you may think I am exceeding the bounds of the subject upon which I am to talk, namely, "Protection of the Traveling Public." We have learned that the only true safety to the travelers lies in safe men who handle them, and that safe men are developed and kept safe only through the true spirit of coöperation.

We have changed the location of all mail cranes, giving greater clearance; installed lights on derails; have acted upon numerous suggestions of employees and citizens relative to crowded platforms; obliterated paths to change direction of employees and pedestrians in crossing tracks at dangerous places; have established regular departments for the inspection of tools and appliances; changed the manner of and increased the vigilance connected with dropping cars from coal chutes; have adopted numerous devices and methods to prevent injuries from flying rivets; at a great expense have installed modern skylights in shops with netting under them to prevent glass from falling on the workmen; have changed nearly every part of a locomotive, particularly those that our records show had figured in an accident, such as squirt hose, grab irons, hand rails on back of engines, shaker bars, hooks on ash pans, shields in gangways of engines, water glasses;

installed double glass for front windows of engine cabs; changed the steam connections in engine cabs; changed hand holds near running boards of engines; changed steps on certain class engines; installed safer coal gates; have investigated extensively and adopted numerous suggestions to prevent soot escaping from engines and flying on passengers; equipped engines with water pails solely in the interest of Safety First. We have established the electric block signal system on nearly every foot of our road. We have moved water tanks from nearby platforms to do away with the ice caused by tanks leaking in the winter time, causing injury to passengers and public. We have removed every high platform on our road, and have done away now with the possibility of passengers falling between train and platform while getting on or off train. We have doubled our energy on the signal tests. We have compelled hotel employees to keep their push carts off platform when trains are coming in. We have changed the location of home block signals where the signal was established on the station side and caused a hazard of people running against it when getting off trains, and in such instances they have been moved to the opposite side of the track. Derail switches have been lighted and derails have been installed on all sides adjacent the main line. Many open bridges have been widened and covered. Strict regulations have been established for making up trains in yards to prevent the old time annoyance and injuries to passengers while being switched at terminal yard. Air-line boxes or gas boxes protruding above the ground near stations have been lowered and the stumbling blocks done away with. A campaign of education has commenced with the view of keeping stockmen from jumping on or off moving trains. Ice from around water tanks where it is necessary for passengers to travel has been picked up and wheeled away until the time when the tank could be removed. A construction company had its powder house established within several hundred feet of a track. It was moved to prevent the extra hazard to passengers while on our train. Work has been taken up with the passengers, pleading with them not to place heavy packages in the hat racks in coaches. Many serious and permanent injuries have resulted from this practice. One of the most gigantic tasks undertaken, which is now almost completed, was to establish a safe clearance between the tracks and all buildings and power poles and structures along our line. It is surprising to note the hearty cooperation of the merchants and industries along our line. This has cost great sums of money but has resulted in a great reduction of fatal injuries to our own employees, which ultimately is one of the greatest protections to the traveling public. Bulletins have been posted in our Railroad Y. M. C. A. institutions to call the attention of the employees as well as the public to dangerous things and practices. Suggestions from men and the passengers traveling on our line have resulted in better lighting facilities at small depots. By persistent effort in reporting and repairing and chang-

ing models of passenger car windows we have almost eliminated the old time common accident resulting from windows dropping onto passengers' hands and arms. Time cards have been covered with glass, this in order to do away with the danger of misreading dirty or defaced figures at terminal, which has sometimes resulted in collisions. The question of whistling signals to section foremen for their protection and also for the purpose of watching passing passenger trains to note if any equipment is dragging, has been discussed and now acted upon in such a way that great good is our reward. Deckings, hand railings for small bridges along the entire line have been installed. The practice of letting passengers off between tracks has also been stopped. The slightest wear in viaduct steps leading to our depots has been reported by some Safety First employee and repaired immediately. Glass doors in the place of wooden doors have been established in some small depots to avoid the danger of common door accidents due to passengers coming out at about the same time another passenger is going in. The Safety First motto has been placed on every train order. Safety suggestions have pointed out the danger incident to trainmen's lanterns going out. Extended investigations and extensive analysis of the oils have been the result, and will eventually result in the adoption of an electric lantern. First Aid medical boxes have been placed on every train. We also now have access to modern hospitals at places of easy access from all points on our line. A great many crossing bells have been installed. The danger incident to hanging household articles on the track side of outfit cars has been stopped. Old working places have been changed and new ones built with the view of furnishing proper light, heat, ventilation and sanitation for our workmen. Also the shops and machinery have had a thorough overhauling, which has resulted in modern protection to all machinery, such as guards for gears on lathes and pulleys and driving wheels, drill presses, sharpeners, conduit wires of machines, grindstones, sprocket wheel chains, emery wheels, old wooden horses replaced with new steel ones, pits have been covered, mill roofs made new and shields for band saws installed. In every station on the Oregon Short Line Railroad a bubbling fountain has been installed from which our patrons as well as our employees can obtain drinking water as pure as nature furnishes it to us. All drinking water along our line has been analyzed and in places where it has been found to be impure notice to that effect has been posted. So you will observe our three years' work, which has dealt almost exclusively with physical conditions, has only been an object lesson, but in our class association we have come to know each other better; we have realized that there are more misunderstandings than real grievances, and we have commenced to realize the only true way to settle our differences.

I could fill a small volume just in naming the subjects that have been offered in the interest of Safety First in our three years'

work. This has resulted in physical conditions but a little short of perfect. In fact, our roadbed from one end to the other has been pronounced "as near perfect as possible" by competent railroad officials from other lines. This has already resulted in the following statistics:

	Fiscal Year Ending June 30th, 1913	Fiscal Year Ending June 30th, 1914	Fiscal Year Ending June 30th, 1915
Number of employees killed	18	17	12
Number of employees injured	2,716	1,539	1,425
Number of passengers killed	0	1	0
Number of passengers injured	62	49	94*
Number of passengers killed in train accidents	0	0	0
Number of outsiders killed	16	22	18
Number of outsiders injured	51	72	73
Mileage of road	2,252.91.		

During the last ten years the Oregon Short Line Railroad Company has carried 21,332,683 passengers an average distance of 85 miles each. This is equal to carrying 1,813,295,055 passengers one mile, or one passenger 1,813,295,055 miles, a distance equal to 72,000 times around the earth, with but two fatalities due to train accidents. I have given you the facts and figures relating to the road with which I am connected, but this I believe fairly illustrates what all the great railroads of our country have done within the last few years to make passengers on our trains feel that they are in the safest place in the world. This latter statement to be construed literally. I am making this statement in the presence of men who probably above any other class of men in our Nation know the value of statistics. This statement, to some, may be astounding. I realize full well that if my figures and deductions are not correct I shall have it brought to my attention. But, in support of my statement, I call your attention to the fact that a person whose business causes him to travel nearly every day in the year as a passenger on our railroads can obtain a \$5,000 casualty policy for \$9 a year, while the same policy costs any other class of our citizens \$25 a year.

We are now inviting the citizens along our road to become members of our Safety First committees, and I want to say we are having great success. We are also teaching Safety First in the schools along our lines, for the purpose of conforming strictly to the spirit

* Increase in number of passengers injured during fiscal year of 1915 due to a collision—all injuries however being very slight.

of coöperation. All serious accidents happening on our road are investigated by a board partly composed of the public, and the findings of these boards are published in the leading newspapers.

Many of the things the railroads of our country have done for the protection of the public in the last few years are now a matter of record. This work has also brought the managers and the men into closer contact. I believe it has been an object lesson to all whose minds have not been seared by prejudice.

So much for the past. The present is filled with bright prospects, and we start off feeling that the plan of competition in the industrial world is dead and that coöperation has taken its place. We believe "that an organization is no better than its worst element." The greatest reward in the future then will be to the railroad companies who best succeed in developing the individual units. This was commenced when apprentice schools were introduced, and will be worked out through the vocational schools in connection with all our big corporations, if in addition to the learning connected with them the true spirit of coöperation shall prevail. I think the greatest thought of this age was expressed by Mr. Howard Elliott, soon after he had taken the position as President of the New York, New Haven and Hartford Railroad, when he said that wrecks and disasters could be stopped only by the heads of departments working with their men instead of at them. Dr. Charles W. Eliot, President Emeritus of Harvard University, enlarged upon this thought when he said in a recent address to the students of that institution, "I have been studying now for a good many years the question of content in labor, and I have come to the definite conclusion that the conditions of content in labor which I have enjoyed personally are those which all laboring people ought to enjoy." I think that we will all agree that contentment and efficiency go hand in hand, and that contentment cannot be bought with wages, neither can it be forced; but it can be induced by the application of that sweet human philosophy of the Master—"Love one another." I believe you will agree with me that there are laws which govern the development and growth of the human being to an efficient unit in the organizations just as much as heat and light and moisture govern the growth of vegetation. I believe that the normal man will be just as much interested in you and your welfare as your actions convince him that you are interested in his welfare. I believe, further, that the normal man is developed by placing responsibility on him, and it is only through coöperation that every man in a big organization will feel he is responsible for any more than a few hours of his time each day. Some have characterized the Ford Automobile Company, the Commonwealth Steel Company, and others similar, as paternalistic organizations, but, from what I can learn of them, they seem to be great, big, healthy, wholesome, efficient corporations that defy competition. From what we read in the newspapers recently we might infer that young Rockefeller has been

caught up by the spirit of paternalism, but I believe he has been converted to the fact that further industrial development can be obtained only through coöperation. If this be true, he soon will be characterized not only as a great man but as a benefactor to the human family.

P. B. Jukne writes: "And the end is that the workman shall live to enjoy the fruits of his labor; that his mother shall have the comfort of his arm in her age; that his wife shall not be untimely a widow; that his children shall have a father, and that cripples and helpless wrecks who were once strong men shall not longer be a by-product of industry."

INDUSTRIAL SAFETY

BY WILL J. FRENCH

Director, National Safety Council

Mr. Chairman, Ladies and Gentlemen: It is a pleasure to represent the National Safety Council at this meeting and to observe that the dominant note at the sessions of the World's Insurance Congress has been and is the conservation of life and property.

In Milwaukee, Wisconsin, from September 30 to October 5, 1912, there was held a First Coöperative Safety Congress. This Congress was held under the auspices of the Association of Iron and Steel Electrical Engineers. As an outcome, there was organized the National Council for Industrial Safety. Offices were opened in Chicago on October 13, 1913, following the holding of the Second Annual Safety Congress. At the Third Annual Safety Congress, held in Chicago, October 13 to 15, 1914, the name of the organization was changed to that of National Safety Council. It was felt that the inclusion of the word "industrial" tended to give the impression of a limitation of activity to the industrial field alone. This is not the aim of the National Safety Council. The organization serves as a national clearing-house for safety.

The main object may be summed as follows:

"To coördinate and stimulate all phases of the Accident Prevention Movement in its individual, public and industrial aspects."

Membership is procured as follows:

1. By direct solicitation from the head office in Chicago.
2. By the efforts of those who are members of the National Safety Council, or in sympathy with its aims and objects, and who lose no opportunity of urging the advisability of affiliation.
3. Through the efforts of the membership committee of the different local councils.

These local councils are organized in the States of the United States and all have affiliation with the National Safety Council.

To date there are 1,432 members of the National Safety Council, with approximately 5,000 representatives of such members. All of the States of the Union have representation except Nevada and North and South Dakota. Some of the members are located in Australia, Japan, England, India, Scotland and Canada. Over 150 different industries, associations and national and state organizations are comprised in the membership. There are 20 local councils organized at this time, and steps have been taken to increase this number. The National Safety Council sends out to all its members a valuable weekly bulletin. This bulletin described ways of preventing accidents. It gives the experiences of those who are active in accident prevention. Illustrations drive home the lesson sought to be conveyed by the text.

As an information bureau the National Safety Council gives prompt and definite answers to questions which its members ask regarding safety problems in their plants.

The local councils are kept informed of developments in accident-prevention work. Addresses and exhibits are loaned on request.

A list of competent lecturers and safety experts are available. These men are glad to donate their services to the cause, unless traveling expenses are necessary.

Moving pictures and stereopticon slides are placed at the disposal of the members without charge. This method of influencing public opinion has proved valuable. In visiting large industrial centers the "movies" impress the lesson on those who see them.

A special committee is endeavoring to standardize safety devices in the industries.

Practical service in plant sanitation and vocational diseases is furnished through the Industrial Hygiene Committee.

Each year an Annual Safety Congress is held. Wide publicity is given to the addresses, the illustrated lectures and the general discussions that take place at these Congresses. The cost of membership in this organization is small. Full information can be obtained by writing to the National Safety Council in Chicago.

The student of ancient history finds many references to safety activities. In Deuteronomy, the fifth book of Moses, chapter 22, verse 8, is found the following command: "When thou buildest a new house, then thou shalt make a battlement for thy roof, that thou bring not blood upon thine house, if any man fall from thence." A battlement is a form of safety device.

While industrial safety has only become a theme of general discussion in the United States during the past few years, there is satisfaction in knowing that we are trying to make up for lost time. The stigma that the Nation is heedless to the human toll of industry is disappearing.

Since 1906 the United States Steel Corporation has a yearly average of 43 per cent reduction in accidents. Many other large

concerns have excellent records, but there was lacking concerted effort until the appearance of workmen's compensation laws.

Professor Irving Fisher, of Yale, estimates that of the 1,500,000 deaths annually in the United States, 630,000 are preventable. He gives industrial accidents the sixth place in the list of causes of unnecessary deaths.

The National Safety Council quotes striking figures of industrial accidents in this country: One worker killed each fifteen minutes, day and night, and one injured each sixteen seconds. More than 30,000 are killed yearly and fully 2,000,000 injured.

The railroads of the land have given splendid contributions to *Safety First*. The Southern Pacific Company won the E. H. Harriman Memorial Medal in 1913. Not one passenger was killed during the five years prior to the winning of the medal. During the period eight thousand million passengers were carried.

In California industrial safety received an impetus with the passage of the Workmen's Compensation, Insurance and Safety Act. Skilled safety engineers, selected exclusively because of their abilities, have assisted employers to guard their establishments. Education is the vital force of the accident-prevention propaganda. This education should be general. None of us are too old to learn.

Shop committees are extremely valuable in preventing accidents. The man right on the job knows best what is needed.

Home-made safeguards are advocated. They can be inexpensively furnished.

California has coöperated with the United States Bureau of Mines in the mining field, and there is in contemplation a similar plan in the domain of electricity under the auspices of the United States Bureau of Standards.

Safety devices are exhibited in museums in San Francisco and Los Angeles.

Employers and employees are preparing safety orders in the different industries. This method has proved sound. Practical men representing all sections of the community are better adapted to plan safeguards than are men unacquainted with industrial operations.

It is pleasing to refer to the help received from California's employers. Reduction in accidents is attractive. It lowers insurance rates. Men do not want to see other men killed or hurt while they are at work. Efficiency and increased output follow in the wake of the removal of danger. "Safety First" is the slogan of modern industrialism.

SAFETY FIRST FROM A STREET TRAFFIC STANDPOINT

BY LIEUT. DUNCAN MATHESON

San Francisco Police Department

Mr. Chairman, Ladies and Gentlemen: The World's Insurance Congress requested me to say a few words to you on the slogan "Safety First" from a street traffic standpoint in this city and I regret exceedingly that the time is so limited, on account of the remainder of the program, that I cannot tell you all that I intended; but if anything that I should say would impress you with the greatest movement, without any exception, before the American people to-day, I will feel that at least I have done some good for this city and the country at large.

Let us for a moment pause and consider our accident reports for the year ending 1914. The police reports show that 54 fatal accidents occurred during that year, classified as follows: four from teams, 22 from street cars and 28 from automobiles and other motor vehicles, and the deplorable part is that each and every one of those accidents were preventable by following a few simple rules. Let us analyze for a moment. The four deaths from teams were caused by "runaways," three being of the drivers and the other of a lady struck by a runaway team. What is the solution? Simply secure the teams properly and lock the wheels. This was very forcibly brought to the attention of the teaming interests and the drivers, and this year to date this class of accident has been eliminated.

Now take up the street car accidents, and we have: runaway cars on grades, head-on collisions, rear-end collisions and collisions with vehicles of all classes, and persons struck by cars, and from persons attempting to board or leave cars in motion. Would time permit, I could point out to you, without fear of contradiction, that each and every one of these deaths could have been prevented by observing a few simple rules.

Take the deaths caused by automobiles operating on our streets and they can be classed as joy-riding, collisions, head-on and rear, bright headlights, careless driving and losing control at critical times. What was said about the two other classes can be safely said of these, and think for a moment what suffering and pain and what anguish and sorrow could have been saved, if these simple rules had been observed—we could have these unfortunate persons with us to-day.

Now let me tell you about something that has been accomplished with our school children during the last year. Unfortunately several school children were killed by vehicles, either going to or returning from school, or during the recess sessions, about two and a half years ago. The problem was taken up by the Police Depart-

ment and the Board of Education, the object in view being to save the children. Signs were put up in conspicuous places near the schools to warn drivers of the proximity of a school and telling them to drive with caution. A few simple rules, seventeen in number, were compiled by the Police Department and printed on a leaflet and distributed to the schools telling how to use the streets with safety; and the Board of Education by resolution compels the teachers to read these rules to the children once a month so that they will ever be fresh on their memories. Police officers were detailed at the schools at the opening and closing sessions. And what was the result? I am proud to say that not a school child was killed during the last year or up to the present time.

Ladies and Gentlemen, let me ask you in all earnestness: Is it worth while? There can only be one answer: It is. Then I appeal to you as an officer—take this motto “Safety First” home with you, keep it there; think about it; act upon it; and then pause and think how many lives you save in a potential way by doing your part in the work. I would like to talk to you for an hour on this work alone—but time will not permit.

What we want and must eventually have is a uniform traffic law for the United States. It is not right and conducive to public safety that every town, city and State should have different rules for the operation of cars or vehicles, causing confusion, inconvenience and even injustice, and arrests are frequently made for trying to follow a rule in two cities. Let me suggest right here that if “Safety First Leagues” existed in all cities, you could count the years on the fingers of one hand within which we could have uniform traffic laws throughout the land.

That opens up a new field: We want uniform enforcement as well. What is considered a serious infraction in one city is considered of little or no importance in another. I figured from the Court Records during the last half of the year 1914 that it cost \$13.30 in fines for each violation in New York City against \$1.45 in San Francisco, and should it happen here on Thanksgiving or Christmas Day, turkey and cranberry sauce would be thrown in. Does that seem right to you? It does not to me, and do not let us comfort ourselves that it is. What we need is a corrective punishment that will clinch itself on the mind of the offender that he is punished not because he has violated a simple rule, but that he has violated the “Safety First Principle.”

Take for example the selfish automobilist who operates a car with glaring headlights without any regard for the public at large. Don't you think that there is something wrong with a person so selfish as that? I do, and if an appeal to their manor womanhood would not be effective, then corrective punishment should be applied.

What is needed is coöperation between the public at large, the Police Department, and the courts who must adjudicate on these matters of vital importance to this community. How can this be

accomplished? Very easily, so simply I am almost ashamed to tell you how—just work from the “Safety First” basis, take up the little things and the larger will follow. Remember that the police are not all powerful and are liable to mistakes and that they have much to learn about “Safety First,” although the foundations of all Police Departments are built on the rock “Safety First” because it is our first duty to protect life and property.

I only wish that time would permit to say more, but I want to impress on you to make some sacrifices in the way of a little time when you use the streets, to cross at the intersections, and safety zones, which are clearly indicated by white lines on the pavement, at the car stops.

Let me appeal to you as a man and a citizen to give this slogan the place it deserves in your mind and heart, and act upon it as your conscience dictates, and you will find more real joy and comfort from it than in anything else upon the top of this earth. You can weigh it against the plaudits and encomiums of the multitude and you will not find it wanting; and believe me, there is more pleasure in being right and doing what is right than in all other sources of enjoyment combined.

I thank you.

V. APPENDICES

I. REPORTS AND RESOLUTIONS

REPORT OF RESOLUTIONS COMMITTEE

The following resolutions were presented by the Resolutions Committee at a meeting of the National Council, and were unanimously adopted as read:

FIRST

THE WORLD'S INSURANCE CONGRESS, representing all branches of the insurance business and including many related organizations, assembled under call of the Insurance Commission of the Panama-Pacific International Exposition, hereby expresses its sincere appreciation of the public recognition given by this latest and greatest Exposition to Insurance as an institution of wide social and economic importance, and for having given it a place of preëminence in the Exposition's activities.

We beg to thank the officials who were instrumental in placing insurance on a plane with the other important arts and industries, thus recognizing without question the splendid service which it is rendering to millions of American citizens; and we would mention especially in this connection Charles C. Moore, the honored President of the Exposition, W. L. Hathaway, Commissioner of Insurance Events, and the Executive Committee of the World's Insurance Congress Events, through whose untiring efforts and unfailing loyalty the attention of the world has been called to the intimate relation which insurance, in its many forms, bears to the welfare and progress of the world.

The discussions which have taken place under the program arranged for this Congress have been most helpful and cannot fail to raise higher ideals and afford new inspiration for all those who are engaged in insurance work, and we take this opportunity to congratulate the men who prepared and presented addresses on this occasion upon the excellence of their contributions to the cause of insurance and upon the certainty that their efforts have placed the entire world under obligations to them. We would thank also the General and Special Chairmen who lent their presence and influence to make this Congress the most notable in the history of the insurance business.

We are proud to hear it said that this magnificent City of San Francisco stands to-day as a lasting memorial to the wisdom and value of coöperation and brotherhood as it works out in practice

through insurance companies, but we beg to assure the citizens of the City of San Francisco and of the State of California that any obligation they may have felt toward Insurance for aid in rebuilding their city has been more than canceled by the cordiality of their welcome to this Congress and the many courtesies that have been extended to its delegates.

The World's Insurance Congress must soon end, and memory of it may fade with the lapse of time, but our recollections of the pleasure afforded us by California hospitality will remain forever.

SECOND

WHEREAS, The Panama-Pacific International Exposition has deemed it proper to give Insurance a place of prominence in its activities, and through its Insurance Commission has on many occasions provided insurance events of great interest and importance, beginning with the dedication of the Exposition's first completed building and continuing down to the close of this World's Insurance Congress; and

WHEREAS, These insurance events have given rise to the delivery of many notable addresses by men of local, national, and even of international fame, all bearing on insurance and its important relations to the public welfare; and

WHEREAS, It is believed that a complete report of this movement, including publication of the addresses and papers presented on these many occasions, would afford a most valuable contribution to the literature which is needed for the education of the public and of insurance men themselves concerning the value of insurance in its many forms, and the important functions it performs in social economy,

NOW, THEREFORE, BE IT RESOLVED, as the sense of the World's Insurance Congress, that the entire history of this movement and the addresses delivered in connection therewith ought to be preserved, printed and distributed as widely as possible, and that before the Congress adjourns a way should be found whereby this important result can be accomplished.

THIRD

WHEREAS, The Panama-Pacific International Exposition has officially recognized the importance of Insurance as a factor in social economy by having created a Commission to promote and take charge of insurance events; and

WHEREAS, Such Commission has organized and conducted many exercises and meetings, at which the nature and value of insurance in its relation to the every-day life of the people has not only been clearly set forth, but to an extent never before attempted has been brought to the attention of the public throughout the entire world; and

WHEREAS, Such conferences and discussions have been brought

to a culmination in a World's Insurance Congress, representing more than one hundred organizations of insurance and allied interests, with national and international influence, whose purposes are not to promote the business of any company or group of companies from a commercial standpoint, but rather to further insurance as an institution for service, and to encourage the betterment thereof; and

WHEREAS, It appears from the many addresses presented at the Congress and in the several Exposition insurance events which have preceded it, that while Insurance is without doubt one of the strongest forces at work for the prevention of loss, the conservation of life and property, and for teaching the value of coöperation as a means of protection against the vicissitudes of life, that it has been unfairly hampered and unnecessarily burdened in many ways to the great detriment of the public welfare;

NOW, THEREFORE, BE IT RESOLVED, That while the problems attendant upon the congestion of population doubtless make it necessary to extend statutory control and regulation of large business activities beyond what in earlier days would have been deemed proper, it is of the utmost importance that such interference with personal freedom and initiative should not be unnecessarily extended. We deplore, therefore, the great diversity of requirements existing in State laws, and urge upon legislators and public officials generally the importance of striving for greater uniformity, even to the extent, when necessary, of sacrificing individual wishes and preferences. We believe that it is only by adherence to this principle in legislation that the institution of insurance will be enabled to serve satisfactorily the best interests of the public at large.

FURTHERMORE, we would call attention to the fact that Insurance is the sharing of losses, which, if allowed to fall upon individuals alone, would spell ruin in most cases. We deplore, therefore, adding to these losses the burden of special taxes imposed for general State and National purposes.

We hold it to be indisputable that in the last analysis tax burdens fall upon policyholders, either increasing the amount they pay for insurance protection or decreasing the amount of insurance which they would otherwise carry.

WE, THEREFORE, declare it to be the sense of the World's Insurance Congress that taxation of the business of insurance, whose purpose is primarily to distribute as widely as possible the shocks occasioned by losses of life, health and property, should be confined strictly to providing funds sufficient for its supervision and regulation.

REPORT OF COMMITTEE ON PERMANENT ORGANIZATION

The Committee on Permanent Organization, through its chairman, Charles H. Holland, reported to the National Council as follows:

TENTATIVE PLAN FOR ORGANIZATION OF A NATIONAL
INSURANCE COUNCIL

Your Committee has concluded that the unique opportunity provided by the World's Insurance Congress should be availed of to organize a permanent Council or Committee of general national insurance interests.

The advantages of such an organization are obvious, the need of such an organization is unquestioned, and the possible value of such an organization is almost incalculable.

Your Committee therefore recommends that a permanent National Insurance Council shall be organized; and it suggests as a general basis of the organization the following plan, which is submitted upon the understanding that if adopted by the National Council of the World's Insurance Congress—it shall be subject to such changes in detail as the Provisional Central Committee may deem necessary:

First. The fundamental function or purpose of the Council is to effectively organize for national purposes all insurance interests and related activities.

Second. The Council by its Constitution and By-laws shall limit itself to the consideration of insurance questions or problems common to insurance interests and activities related thereto.

Third. The membership of the Council shall consist of national organizations of insurance and related activities admitted by the unanimous vote of the Central Committee as hereinafter provided for by the votes of not less than two-thirds of the membership of the Council. There shall be charged an admission fee of Twenty-five Dollars (\$25.00) to the associations constituting the National Council for general administrative purposes.

Fourth. The governing body of the Council shall consist of a Central Committee of not to exceed three members each of the fire, the life, the casualty and surety, the marine, and the fraternal branches of insurance.

Fifth. The Council as a body shall meet at least once in three years, but special meetings may be called at any time at the request of a majority of the Central Committee.

*Sixth.** Each association or organization holding membership in the National Insurance Council shall be represented by a delegate or alternate selected in accordance with its own rules. In case the official delegate is unavoidably prevented from participating in the meeting of the Council, his place shall be filled by the alternate.

Seventh. The Central Committee shall hold at least one general meeting annually, but special meetings may be called at any time upon the written request of not less than five of its members.

Eighth. The Central Committee shall adopt a plan of its own

* As amended.

organization as it may deem best, but all services to be rendered by the members of the same in connection therewith shall be without compensation.

Ninth. The Central Committee being authorized by the Executive Committee of the World's Insurance Congress, shall take entire charge of the editing, publishing and distribution by sale or otherwise of the proceedings of the congress and other insurance events of the Exposition.

Tenth. The Central Committee shall frame a Constitution and By-laws for the permanent government of the National Insurance Council.

Eleventh. A Provisional Central Committee shall be selected and appointed by the Executive Committee of the World's Insurance Congress before the date of final adjournment, subject to ratification by the National Council of the World's Insurance Congress.

Twelfth. The provisional Central Committee shall have all the powers provided for the permanent Central Committee until such permanent Central Committee shall have been elected.

COMMITTEE ON PERMANENT ORGANIZATION,

(Signed)

Charles H. Holland

Chairman.

RESOLUTION DRAFTED BY ARTHUR I. VORYS FOR ADOPTION BY THE
NATIONAL COUNCIL, COMMENDING THE SERVICES OF COM-
MISSIONER W. L. HATHAWAY

It is the sense of the National Council that the extraordinary and successful work of W. L. Hathaway in behalf of the World's Insurance Congress is worthy of distinct commendation.

Insurance is distinguished among the arts and industries, conspicuously recognized by the Panama-Pacific International Exposition. Insurance has found an abiding place in the minds and conscience of the people, and of those managing the business, which it never occupied before.

This was accomplished through the coöperative efforts of those who conceived, promoted, and brought about, in deed as well as in name, the World's Insurance Congress. Many have aided in this ambitious project. Many could be named whose work has been indispensable. A goodly number could be singled out for resolutions of appreciation and gratitude. But the work of Mr. W. L. Hathaway calls for a particular and emphatic expression from the National Council; and in this we know we voice the loyal feelings of the executives who have so ably and earnestly assisted in this great enterprise.

Insurance, in the mind of Mr. Hathaway, is an institution designed for a most useful service in all the varying relations and activities of mankind. His lofty ambition was to inspire in all an appreciation of insurance in its exalted rank with the great hu-

mane, cosmopolitan institutions. His aspiration could be effectuated by a convention representing all insurance. Such a convention was possible and practicable, as a part of and under the prestige of the World's Exposition. And so he began with a disinterested and most admirable zeal in his work for a most noble cause. And so he has continued. And so his work has reached a culmination of vast, incalculable good, not only to insurance and those engaged in the business, but to all the people.

His motives were the purest; his eagerness was unselfish; his ambition was the most praiseworthy; his determination was unyielding. He met innumerable obstacles, big and little; he conquered and surmounted them all. He has spent years in this service, and the nights as well as days have been nights and days of toil. He has played no favorites. No company or class of insurance, no individual or class of individuals, has been promoted or slighted. His ideals relate to insurance as an institution, not to any branch of the business. The result of his conception, and of his organization, and of his work, is little short of tremendous. His reward is in seeing insurance exalted. His "medal of honor" is in the realization that insurance emerges from this Congress in a new and nobler light, and that the opportunity has been embraced to build on the Congress a permanent organization for enlightenment, protection, preservation and development of humanity's institution of insurance.

Therefore, the National Council of the World's Insurance Congress hereby extends to Mr. W. L. Hathaway its cordial congratulations on the success of his undertaking, and its sincere thanks, and assurances of the profound appreciation of all engaged in the business of insurance, and of the obligation of all people for his great service to all in behalf of the World's Insurance Congress and the events connected therewith.

II. ARTICLES, LETTERS AND PAPERS RELATING TO WORLD'S INSURANCE CONGRESS MOVEMENT

WORLD'S INSURANCE CONGRESS

ADDRESS DELIVERED BY SPECIAL COMMISSIONER WILL G. TAFFINDER
Before the National Association of Life Underwriters,
Memphis, September 17, 1912

I am deeply impressed in appearing before this convention both with the opportunity afforded me to address it and with the responsibility which I assume as the representative of Mr. W. L. Hathaway, Commissioner of the Panama-Pacific International Exposition for the World's Congress of Insurance, and also Mr. C. C. Moore, the President of the Panama-Pacific Exposition. I am but the mouthpiece to deliver to you, in so far as I may be able, the

message with which I am charged. It concerns a glorious trinity: the World's Insurance Congress—especially interesting to this body—the Panama-Pacific International Exposition, and the Panama Canal, interesting to the entire world.

When the Great Master at the end of His seven days' labor found his work good, and rested, He gave to His children the earth and the fulness thereof; and the beneficent power which created the glory of the firmament, with the sun by day and the moon by night, we may rest assured ordained that with the ripening ages should come the great fruitage of this century's achievements. Under this beneficent power the United States and the American people have evolved until they rank to-day as exemplars of all that makes a nation great—a God-following and a peace-loving people, preaching and practising "Peace on Earth—Good Will to Men."

In all the vast grandeur of this century's achievements in all the advances in Science, in Art, in Commerce, looking to the common welfare and the general good, the most stupendously grand achievement is the divorcing of the union of the North and South American continents, and the resulting wedding of the waters of the Atlantic and Pacific by the Panama Canal. Four hundred million dollars is the price in cash which this nation gladly pays as the marriage fee. Plus this, the United States has endowed the Canal with the energy, the ability, the brains, and in some cases the lives of its bravest and best sons who have gone on a mission of peace to conquer where others failed. This mission gives a new waterway to the commerce of the world, shortens distance, conserves time, and establishes as a practicality the theory of "Hands Across the Sea." With the passing of the first ship through the Canal will be written the first chapter in a new history of the world's achievements. Traditions will be shattered, and new facts realized. Cities teeming with busy life will rise Aladdin-like to the accompanying music of rattling machinery and the hum of manufactories.

Under the new conditions created, the center of the world's greatest activities and advancement will shift from the East to the West. Here will be the future great seats of learning and the homes of scientific progress. Already the cities of the Pacific Coast are hearing the first faint ripple of the waves as they wash the prows of the argosies of the nations bringing to California's shores the commerce and fruits of the labor of the toiling millions of the Orient. Here is the theater of the new and near future with the stage already set on which will be enacted the solution of the last problem of our complex civilization; the assimilation and absorption of the intermixing human races who from the very nature of things must gravitate here. "The womb of the future is big with events."

The celebration of the completion of the canal with all the known and unknown benefits which will inure to both this Nation and the

world at large, the commencement of a new era, and marking the opening chapter of a new history, should be held in San Francisco, the principal city of the Western Coast.

San Francisco is a typical city; it is peopled by the pioneers and their descendants; their education and training are those of the blazers of the trail who out of the crucible of conflict waged against primal conditions emerged able to meet and conquer the untamed forces of the West, harness its streams and bridge its rivers, people its plains and till its valleys—men descended from forefathers whose daily lives and tasks left possible only the survival of the fittest.

By such brawn and brains San Francisco has been created; and it is in the very center of the new order of things which is practically turning the world "about face" by means of the canal.

From its geographical location, and from the vitality of its men, San Francisco became the logical place at which the celebration of the completion of the canal should transpire. The world flung the challenge to the West, and from out the arena of commercial combat San Francisco picked the gauge to weave it into a chaplet of the laurel leaves of victory.

San Francisco rebuilt and the Panama Canal are the two greatest American achievements of the century, and the World's Insurance Congress in its domain will be equally magnificently great.

The Exposition is a great National enterprise determined by Congress and designated by the President to celebrate the completion of the canal. That "San Francisco knows how" is shown by the energy with which the city is doing the work entrusted to it by the Nation. In the famous April meeting of 1910 the citizens of San Francisco in less than 120 minutes raised by voluntary subscription over \$4,000,000 for the Exposition. Seven million five hundred thousand dollars by public subscription has been raised in San Francisco alone. In addition, the City has authorized a \$5,000,000 bond issue, while the State has added another \$5,000,000. Practically every county in California has levied a 6-cent Exposition tax, San Francisco and California will invest \$20,000,000 in the Exposition before the gates open on February 29, 1915.

California and San Francisco have not a monopoly of the enthusiasm aroused over the Exposition; New York alone has appropriated \$700,000, and other States are preparing to follow this lead. Sites for special buildings on the Exposition grounds have been selected by the following States: New York, New Jersey, Pennsylvania, Missouri, Kentucky, Minnesota, Montana, Idaho, South Dakota, Nevada, Utah, Arizona, Oregon, the Philippine Islands and Hawaii.

Up to this time the foreign nations which have accepted the invitation of the United States to participate in the Exposition are: France, Japan, Canada, Mexico, Hayti, Honduras, San Salvador,

Cuba, Porto Rico, Paraguay, Ecuador, Uruguay, and I think some others.

Perhaps the greatest feature of the 1915 Exposition will be its congresses and conventions. These will bring to San Francisco the greatest thinkers and workers of all nations along all lines. Fraternal organizations and scientific societies have been so impressed with the importance of these conventions that they have set aside \$1,000,000 for the erection of an auditorium in which such meetings will be held.

A few days prior to my leaving San Francisco to bear these messages from Commissioner Hathaway and President Moore of the Exposition, the Mayor of San Francisco paid the city's check for \$751,000 for a parcel of land on which to erect an auditorium to cost over a million dollars. It is in this magnificent structure that the World's Insurance Congress will be held.

The idea of a World's Insurance Congress being interwoven with other great events is most opportune on account of the important position which insurance occupies in the advancement of civilization and the protection of mankind. Insurance is at once the hand maiden of commerce, the foundation of credits, and the protector of home, wife and children. It is peculiarly appropriate that the original idea of the World's Insurance Congress should have found its inception in the convention of the National Association of Underwriters, a body of men whose achievements, energy and ingenuity are at one and the same time the dynamo, the main spring and creating force of all the vast assets of the various life insurance companies which are here represented. Without the agent there could not be the company.

It is also most fitting that Mr. W. L. Hathaway should be appointed as the Commissioner of the World's Insurance Congress, if for no other reason than that his entire life's work and energy have been devoted to the education, organization and concentration of these self-same creative forces. With what success is well known. In the world of insurance his record is written in the national pages. During the Armstrong troublous times his agency force remained intact, his business increased, and this fact alone will show you the character of the man who originated and is now chosen to handle the affairs of the World's Insurance Congress. One of the most important appointments made by the authorities of the Exposition since its inception, and the very first appointment of the kind which has been made, is the appointment of Mr. W. L. Hathaway, granting him full plenipotentiary powers and full support to create in the name of the Exposition the necessary organization to carry out the project of the World's Insurance Congress.

Since the idea of the World's Insurance Congress was first exploited at the convention of this body held two years ago at Detroit, Mr. Hathaway has given largely of his time, his ability and his money. In the past two years he has assumed all the re-

sponsibilities for the undertaking, and single-handed has secured for the congress ample recognition not alone in the United States but in foreign countries, especially England. In the United States the World's Insurance Congress has been endorsed enthusiastically by the leaders in insurance—Life Fire, Marine and miscellaneous.

The first publicity given to the Congress after Commissioner Hathaway returned from the Detroit convention was gained by his signing and sending through the mails 32,000 personal letters. Out of this grew the original powerful organization embracing all the most prominent insurance men of California and San Francisco. Of this body Mr. Hathaway was the Chairman. The message given to the world by this association was:

"PANAMA-PACIFIC WORLD'S INSURANCE CONGRESS
SAN FRANCISCO, 1915

INVITES

all associations or societies, either of a business or professional nature, whose membership derive their livelihood from the commerce of insurance, to hold their conventions or meetings in the City of San Francisco in the year 1915, when a World's Congress of insurance interests will be held separate and apart from the regular annual proceedings of the various associations or societies."

Mr. Hathaway has demonstrated his genius as an organizer in many of the larger matters connected with the civic work of San Francisco and with the Exposition, and the confidence of San Francisco business men and the directorate of the Exposition has found fitting expression in the creation of the Commissionership, which is the first of its kind to be formed by the Exposition. His reputation for ability not only to plan, but to execute, is well established in the leading insurance circles of this country, and his appointment to this office was the one thing necessary to guarantee to the world of insurance that the World's Insurance Congress will be organized on a broad basis, and that it will be a credit to San Francisco, the Exposition and to the United States; that its influence for good will be boundless, and its benefit to the commerce of insurance as incalculable as it will be lasting.

Mr. Hathaway's appointment clothes him with full and complete authority for the carrying out of his great ideas as they develop; and the benefit of his past two years' application and study of this subject will now become available and invaluable. He promulgates a fairly well defined plan of organization providing for a National organization which is to continue as a permanent body after the Congress. This body is to be organized with the greatest of caution, and under and with the advice and direction of the most able minds of men who are acknowledged leaders engaged in the business of insurance.

After careful consideration Commissioner Hathaway has de-

terminated that the first step is the organization of an advisory body to be known as the National Council of the World's Insurance Congress, with the prospect that a meeting of this will be held this winter in New York to perfect the organization by the election of officers and the discussion and development of plans for its further service. In the selection of this great body care will be taken to the end that the influences may be balanced to give representation to the best interests of the business, and accomplish results by welding together in concrete form the entire insurance power of the country for such purposes as their general interests may determine or may see fit to counsel in connection with any particular branch of insurance, in part or in whole.

Commissioner Hathaway deems it but just, and is proud to present first to the National Association of Life Underwriters the plans of the World's Insurance Congress as partially outlined by me, and he commissions me to request that you select from amongst your members, and duly authorize such selection, one to serve as the very first member of the National Council of the World's Insurance Congress. Thus the National Association of Life Underwriters is the first unit in the long chain between the Panama-Pacific Exposition and the World's Insurance Congress, and Mr. Hathaway expressly desires me to ask that the link in this chain be made especially strong and firm.

I have the honor to bear to you the first official invitation of its kind ever issued by the Exposition authorities to a like convention, and I now take pleasure in presenting you, Mr. President, for the association, the invitation of the Panama-Pacific International Exposition, bearing the Exposition's seal and signed by the President, in which you are asked to hold your annual convention in the City of San Francisco in 1915.

I bear also a personal letter to you from President Moore of the Exposition, and a personal letter from Commissioner Hathaway, which I have delivered.

I now suggest that immediate action be taken by this body to nominate for the distinguished position of the first member of the National Council of the World's Insurance Congress one of your members, and that I be entrusted with the credentials in order that I may deliver the same to Commissioner Hathaway.

I thank you for your attention. I trust that the World's Insurance Congress and Commissioner Hathaway will receive the fullest measure of your support and your loyal and able assistance, and that this will exceed in quantity and quality even my most sanguine expectations.

THE WORLD'S INSURANCE CONGRESS AT SAN
FRANCISCO IN 1915

ADDRESS DELIVERED BY COMMISSIONER W. L. HATHAWAY

Before the National Association of Life Underwriters, Atlantic
City, September 18, 1913

Insurance underwriting and the vast interests that underwriting has created with its numerous occupations, employing the brains and energies of several hundred thousand of America's most active and enlightened citizens, and furnishing the main-spring of stability to American commerce, enterprise and society, for the first time in American history has just been given official recognition in a great National undertaking, authorized by act of Congress of the United States. For the Panama-Pacific International Exposition, especially charged with the responsibility of exhibiting to the world civilization's advancement in all that benefits mankind, has given to insurance the same recognition as to the fine arts, manufactures, agriculture, machinery, transportation and the other arts and industries by creating the office of Commissioner of Insurance, the incumbent of which is charged with the responsibility of issuing national and international invitations to participate in a great "World's Insurance Congress," which will convene in San Francisco from October 1 to 15 inclusive, 1915, occupying over one-twentieth of the entire period of the Exposition's life.

During former expositions there has existed a Commissioner for each and all of the other arts and industries through which the human race enjoyed prosperity and happiness, but with all of our vaunted strength and stability never before has insurance been so recognized; and that this recognition is a forward step for the interests of insurance in the minds of the American people has been understood and appreciated by the American insurance world. This is demonstrated by the fact that since the creation of this Commission the Congress has been recognized by resolutions, and representatives have been delegated to serve upon its National Council by the great majority of the big national associations of a business and professional nature having to do with all branches of insurance activities, and prominent among those associations or societies from the various activities of life insurance that have taken this official action are our own

NATIONAL ASSOCIATION OF LIFE UNDERWRITERS,
THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS,
THE AMERICAN LIFE CONVENTION,
THE ACTUARIAL SOCIETY OF AMERICA,
THE LIFE UNDERWRITERS' ASSOCIATION OF CANADA, and
THE ASSOCIATION OF LIFE INSURANCE MEDICAL DIRECTORS;

and the recognition of these national associations having to do with the life insurance subject has been greatly fortified by numerous resolutions from State organizations, so the interest from the life insurance standpoint can be considered unanimous. But life insurance is not alone in these activities, for the same extensive recognition has been granted already from all branches. Fire, casualty, and all the various forms are now well represented in the National Council.

So the World's Insurance Congress is to-day truly a National undertaking, and from an insurance standpoint doubly so, because in addition to its being clothed with all authority conferred by the United States Government upon the Panama-Pacific International Exposition to extend domestic and foreign invitations, it is now also clothed with a nation-wide endorsement by the National and State associations representing all branches of the insurance business and its allied professions.

So with this authority and these endorsements, I am here to-day to extend the official invitation, National and international, to the insurance world at large to participate in the *First World's Insurance Congress*, which is being inaugurated under these favorable auspices.

And, Fellow Members of the National Association of Life Underwriters, I am proud to be able to make this announcement from your platform, for it was at our Detroit Convention three years ago that the idea of holding a World's Insurance Congress had its inception; in fact, it was at a little dinner where I had the honor of sitting down with fourteen representatives of the insurance press present at that Convention that the idea of this Congress had its first broad discussion, and it might be said that the courage to go ahead with such a gigantic undertaking was fostered into existence on that occasion and fortified by a discussion of the subject with a number of this Convention's leading thinkers.

I went on to New York, and as far as I was able to ascertain, found that the opinion was unanimous that such an undertaking, if carried to a successful conclusion, contained possibilities of immeasurable good to the business of underwriting as a whole in this country. It was recognized that a closer coöperation of the tremendous influences known to exist in connection with insurance interests would be desirable, not only for those engaged in it as a business or profession, but principally for the insuring public as a whole. In fact, such a point of contact had long been contemplated by many of the leading thinkers, but the logical point of organizing activities had never been decided upon. I argued at that time that the part which insurance played succeeding the great San Francisco disaster, making it possible for a city to rise almost magic-like from the ashes of its great fire, created an understanding of the benefits of insurance sufficient to warrant that re-created City in constituting itself the magnet to draw together the insurance interests of this National for such benefits as a closer

coöperation might eventually yield, and upon my return to San Francisco I argued to the insurance men there that through the natural acts of Providence an obligation had been created for them to undertake an organization that would eventually confer back upon insurance as a whole some of the benefits which insurance had conferred upon us as a City.

And now, while history is always a little dry, still it seems necessary at this time, when extending our official invitation to the world of insurance, that a complete understanding of each step in the growth and development of this organization should be given, in order that it may be fully understood by insurance men who had passed through the world's greatest crisis, from which insurance had relieved them, and that it was undertaken in a patriotic sense as a service to insurance by a city which largely owed its existence to insurance blessings; and while at that time it was very uncertain whether or not our great World's Exposition would be held at that point, still I argued that to the insurance world the rebuilt San Francisco was an Exposition far exceeding any other display that human agencies could bring together; and appearing before the Life Underwriters Association of San Francisco at their next regular monthly meeting after my return, on October 14th, 1910, I introduced the following resolution, which was unanimously adopted:

"RESOLVED, *First*. That the San Francisco Life Underwriters Association declares itself in favor of holding a World's Congress of Insurance interests in this city in the year 1915;

"*Second*. That the President be directed to appoint a committee of three to conduct the activities of organizing for this undertaking;

"*Third*. That the three Committeemen be instructed to communicate the text of these resolutions to other associations and prominent men connected with any branch of insurance business in the City of San Francisco, inviting them to an early conference, with the object of a complete and thorough coöperation of all insurance men in this city, to bring about the world's greatest meeting of insurance interests;

"*Fourth*. That the above-mentioned Committee of three be authorized and empowered in the name of this Association, to proceed to organize with the Committeemen from other insurance interests or associations for the purposes and activities required by the joint undertaking, as expressed in the first paragraph;

"*Fifth*. That the Secretary be instructed to give a copy of these resolutions to the press, with particular reference to the leading insurance journals published throughout the United States."

And the fifth paragraph of this resolution was a most valuable one, for the insurance press of this country received the idea most kindly. In fact, I can say with much reason that the members of the insurance press have made this Congress possible, and to me this seems natural, because they, of all the other vast insur-

ance fraternity, occupy the position that has familiarized them with the many powerful bodies that only waited to be brought into closer relations to create an influence, and be able to cope with many problems that have proven difficult to the separate organizations; so I suppose the reason that they encouraged with such liberal publicity each step in our undertaking was that fact.

The Committee authorized by these resolutions consisted of W. L. Hathaway, Chairman; Geo. B. Scott and John Landers, to which Wm. J. Bell, as President of the San Francisco Association, was added by our special request. This Committee of four undertook a campaign among the leading insurance men of San Francisco to perfect an organization in keeping with these resolutions, the details and work of which were carried forward with such energy that within a short time they were able to hold their first meeting with fifty-odd members present, who had signed an application for membership, which was in fact a pledge of their influence and service; and at that meeting the following resolutions were adopted:

“FIRST

“The name of this organization shall be Panama-Pacific World's Insurance Congress.

“SECOND

“The object of its organization shall be—

“*First.* To conduct activities calculated to influence all associations, societies and business organizations having an interest in the subject of insurance in any of its branches, to hold their conventions or meetings during the year 1915 in the City and County of San Francisco.

“*Second.* To conduct activities and carry out such plans as may be found necessary and expedient to bring about a great World's Insurance Congress during the time that the various societies, associations and organizations are separately holding their conventions or meetings in this city in the year 1915.

“*Third.* To conduct activities calculated to influence all individuals throughout the world who are engaged or interested in any of the branches of insurance, to a favorable consideration of this World's Insurance Congress, and particularly with regard to getting their personal pledges to attend, and their influence upon others to do so.

“*Fourth.* Permitting such other enlargement of the scope of activities as developments may require and the organization may adopt.

“THIRD

“The existence of this Association shall be limited to the time necessary to promote and carry out the existence of said World's Congress of insurance interests, and the winding up of the details connected with its conduct.”

This set of resolutions was received with the same spirit of understanding by the insurance press, an understanding, in fact, which I now believe far exceeded that of the promoters.

I was again elected Chairman of this new organization, representing every prominent insurance interest in California, and in order that a further understanding of the objects upon which we were embarked may be had, I quote you the following paragraph, which was printed at the head of our first stationery:

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INVITES

all associations or societies, either of a business or professional nature, whose membership derive their livelihood from the commerce of insurance, to hold their conventions or meetings in the City of San Francisco in the year 1915, when a World's Congress of insurance interests will be held separate and apart from the regular annual proceedings of the various associations or societies.”

I quote this here for the same reason it was originally used—that all associations might thoroughly understand that our undertaking did not calculate in any way to interfere with existing organizations, but simply to draw them a little closer together for such benefits as a mutual coöperation might yield; and to the text of that paragraph which headed our letters we have always held; following, in fact, the basic principle upon which insurance itself is based, clubbing together, as it were, to give and receive that mutual protection which a single individual cannot enjoy, which, upon a little thought, I am sure you will agree, applies with equal force to the single association in this day of advanced insurance activities, and the many problems with which insurance has to cope. In all of these the various organizations are equally interested, and the solving of them needs their close coöperative influences.

I was rather proud of the dignity of serving as Chairman of this new association, the membership of which was made up very largely of men whose names stood among the most prominent in our State, so I began rather an ambitious campaign of correspondence, and in the next few months thirty-two thousand letters went out to thirty-thousand insurance men throughout the world. It is true that the letter was multigraphed, but the name of the party to whom the letter was sent was filled in at the head of each one, and I personally signed each and every one of them as Chairman.

That letter also claims a place in this paper, as it, too, points out the objects for which we are working, and I quote it as follows:

“We earnestly invite your interest and active coöperation in the above undertaking, which calculates to bring together for the first time in the world's history all the various interests engaged in the commerce of insurance in all its branches.

"The movement has already received such extensive endorsement as to justify our belief in a complete attendance.

"We realize, however, that the beneficial objects to be accomplished for the business by such a meeting will depend largely upon the interest and active coöperation of men like yourself, who occupy prominent positions in the insurance world."

Now while a surprisingly large per cent of these letters brought replies, they developed one most interesting and gratifying fact, and that was that it was the men occupying positions of leading influence who had time to read and answer that letter. Some of them wrote cautiously and inquiringly, but a careful check of American insurance registers showed that those with the reins of influence were interested, and further correspondence with many well known thinkers developed the fact that they had long sought a means of bringing the many separate influences into closer co-operation for such purposes as might be mutually beneficial.

However, while I enjoyed as Chairman of that organization an extensive correspondence with men of prominence in the business, still the interest could not be termed a world-wide or even a thoroughly National one; so in looking about for a new mode of attack we devised the Christmas and New Year Greeting Card, which was at the same time an invitation to our Congress, and during the holidays of 1911 more than one hundred thousand of these cards went from the insurance fraternity of San Francisco literally around the world, to their friends and correspondents, and as many of these cards contained personal messages, they brought another flood of correspondence, and we began to realize that we had awakened a lot of interest in a big possibility. But under the auspices even of the entire insurance influences of our city, we scarcely attained sufficient National dignity to hope for many acceptances of an international character, and we began to be bothered, until one day, while attending a committee meeting of the Panama-Pacific International Exposition, I heard President Charles C. Moore say in the course of his remarks that the Exposition was authorized by an act of Congress especially to confer upon mankind benefits in the domain of thought and commerce, and that his invitation was calculated to carry with it the National dignity of the entire American people. That settled it. The next day found me in his office asking that he extend the cloak of National dignity to the World's Insurance Congress, and telling him that its success meant benefits to the entire insuring American public. The result was that he told me to submit it in writing in such form as to show that the membership of my present organization coincided with my views, and that the movement would continue to receive the support of the membership should the Exposition recognize it, and that when it had it in this form, he would consider it. So on December 22nd, 1911 (in the midst of our postal campaign) I presented him with the following petition:

SAN FRANCISCO, December 22nd, 1911.

CHAS. C. MOORE, ESQ., PRESIDENT,
Panama-Pacific International Exposition,
San Francisco.

Dear Sir:

As members of the above temporary organization, we the undersigned join in the request that you appoint a committee made up wholly of men associated with the insurance business, who as a part of the Fair Association will be authorized to negotiate with the insurance world, and in the broadest sense carry to a successful issue this undertaking, which has now reached such proportions as to justify and require such official action.

We further, by this act, agree that upon the appointment and formation of the committee appointed by you, this temporary organization shall cease to exist as such; and that all papers and correspondence in the temporary chairman's possession be turned over to the chairman of your committee; and that we will each of us take such active interest in the work of said committee as we may be appointed to or called upon to coöperate in it.

Yours truly,

E. C. Cooper
Warren R. Porter
E. F. Green
Geo. H. Tyson
W. L. Hathaway
Wm. J. Dutton
J. B. Levison
Rolla V. Watt
Robt. W. Neal, Ed.
J. A. Carey, Pub.
G. Earle Kelly
John C. Piver, Pub.
Edw. H. Bacon, Ed.
W. H. Matson
Chas. J. Bosworth
Clarence F. Briggs
H. V. D. Johns
Jas. H. Borland
John Landers
F. J. Johnson
A. M. Shields
E. H. Hart
F. E. DeGroat
Vail & Eldridge
Wm. J. Bell
Jas. W. Moyles
J. S. Osborne
Paul M. Nippert
John H. Robertson
F. A. Stearns
John A. Koster

Bertheau & Bertheau
Henry J. Crocker
T. L. Miller
Louis Rosenthal
W. O. Wayman
C. Mason Kinne
W. S. Davis
Julian Sonntag
E. H. L. Gregory
T. H. Harris
W. E. Dean
Frank L. Gilbert
Henry S. Dunn
Geo. I. Cochran
Edw. Parrish
A. W. Thornton
Bernard Faymonville
Edw. Brown & Sons
Chas. Christensen
R. L. Stephenson
Geo. C. Farrell
Field & Cramer
W. B. Wentz
Geo. W. Dornin
Frank J. Devlin
Whitney Palace
J. C. Johnson
A. G. Sanderson
R. W. Osborn
Geo. B. Scott
Kilgarif & Beaver

John H. Stevens
Jas. F. Cobb Co.
Joy Lichtenstein
Marshal A. Frank
Smith, Thomas & Thomas
E. T. Niebling
Geo. W. Brooks
H. Durbrow
W. A. Wann
A. H. Mowbray

O. O. Orr
A. S. Holman
Carl Henry
A. K. P. Harmon
J. E. Betts
J. C. deKoltz
E. W. McCarthy
Fred Stolp
D. M. Gedge, M. D.

You will note that there are eighty-two signatures to the above petition, and one familiar with California names will find many in this list who are prominent in all the activities of our State, as well as the leading names in the insurance world of California.

Well, President Moore did consider it, and he investigated it, and he had others do so, for while he is a man of quick perception and known as a constructive genius, he is careful that the Panama-Pacific International Exposition shall further only such undertakings as conform to the high ideals that the National Government chartered it to perform, so I had a long wait and many conferences with committees and officials, all of whom wanted to see and to know that the Congress merited being taken in as a part of the National undertaking; but when the announcement finally came in October of 1912, it showed that we had profited by the delay and by the constructive genius of President Moore, for he ruled that the undertaking warranted more than mere committees, and that insurance itself warranted recognition by the Exposition as a potent factor in civilization, and should be assigned official representation in the Exposition staff by creating the office of "Commissioner of Insurance," with the powers, authorities and responsibilities usually vested in such Commissioners—an office that was tendered me with a command to take it, and nominate my committees for confirmation of the Board of Directors and appointment by the President.

So two years were spent promoting public interest, gathering information, getting opinions and criticisms, and finally clothing the undertaking with National dignity through the official recognition of the Panama-Pacific International Exposition.

Since the creation of this office of Commissioner of Insurance, and acting in that capacity, organization has proceeded on a National basis, with the results of the wide-spread endorsement mentioned, and the coöperation of men officially assigned by these various associations as part of the undertaking.

Now as this goes out to the insurance world as a combination of our official invitation and a brief résumé of the important steps in its construction, it seems well to add a brief outline of the form of organization that is being brought into existence to care for an underaking of such gigantic proportions.

First there is an Executive Committee of five, made up as follows:

Wm. J. Dutton, Chairman, President Fireman's Fund Insurance Company;

George I. Cochran, President Pacific Mutual Life Insurance Company;

Hon. E. C. Cooper, State Insurance Commissioner;

W. E. Dean, President, California Insurance Co.;

F. F. Taylor, 5th Vice President, Metropolitan Life Insurance Co.;

all Californians, for while Mr. Taylor lives in New York, still he won his spurs in San Francisco during her reconstructive period.

Following this are the Committees on Participation and Attendance, reaching into every branch and profession of the business, and as at present constituted are as follows:

Committees on Participation and Attendance

ACCIDENT INSURANCE, A. S. Holman, Chairman, San Francisco.

ACTUARIES, John F. Roche, Chairman, New York City.

AUTOMOBILE INSURANCE, Geo. Chalmers, Chairman, San Francisco.

DOMESTIC FIRE INSURANCE COMPANIES, Bernard Faymonville, Chairman, San Francisco.

EMPLOYERS' LIABILITY INSURANCE, Chairman not yet selected.

FOREIGN FIRE INSURANCE COMPANIES, Rolla V. Watt, Chairman, San Francisco.

LOCAL FIRE COMPANIES AND GENERAL AGENCIES, Tom C. Grant, Chairman, San Francisco.

INDUSTRIAL LIFE INSURANCE, Geo. B. Scott, Chairman, San Francisco.

INSURANCE BROKERS, Wm. H. LaBoyteaux, Chairman, San Francisco.

LIFE COMPANIES OF AMERICAN LIFE CONVENTION, Hon. Warren R. Porter, Chairman, San Francisco.

LIFE INSURANCE COMPANIES, E. H. Lestock Gregory, Chairman, San Francisco.

LIFE INSURANCE MEDICAL DIRECTORS AND EXAMINERS, Dr. W. R. Cluness, Jr., Chairman, San Francisco.

MARINE INSURANCE, J. B. Levison, Chairman, San Francisco.

MISCELLANEOUS INSURANCE, John C. Piver, Chairman, San Francisco.

SURETY INSURANCE, J. H. Borland, Chairman, San Francisco.

These Committees on Participation and Attendance are also largely made up of Californians, for the reason that their work will be mostly that of exploitation, a work that could best be carried out from that end of the line.

Then in addition to this, there is a Committee on Entertainment which is gradually being constructed, and this you can readily understand will be one of the most important committees, especially during the Exposition year. I can assure that this Committee will be efficient, and will maintain San Francisco's reputation for hospitality.

From this point out, however, the organization assumes a National scope, and the creating of the National Council, with a representative from each National association in any way affiliated with insurance activities, is the basis of this National organization. It is gratifying to announce that this National Council, by the acts of these influential associations, has sufficient members and covers a sufficient part of the entire insurance field, to consider that it represents by far the larger portion of the entire National insurance influence, and, in consequence, the National Council is now sufficiently organized to warrant its activities upon the assumption that it represents the insurance interests of this Nation. Consequently from this time on each step in the Congress movement will be acted upon by that body in a more formal, official manner than heretofore, for while I have enjoyed the personal advice of a large number of them through correspondence, still up to the present time they have not been organized into an official body and committees to more directly advise our progress.

I am constantly being asked what we propose to accomplish at this Congress, and I have always answered that the subject and the possibilities were entirely too great for any one man to do any definite predicting as to what would be accomplished, but that I believed that every man engaged in insurance activities believed and understood that mutual coöperation from its most rudimentary to its most advanced stages was beneficial to the interests or individuals coöperating, and that the history of insurance pointed to the fact that the time had arrived, in fact, seemed past due, when a closer drawing together of these various influences was absolutely necessary to the best interests of insurance in this country; and I do not attempt to go into detail as to what will be the outcome, for I do not believe that any man to-day could predict what the outcome will be through such an organization once that the benefits of getting together are beginning to be realized. I do not believe that it could be predicted to-day any more than the organizers and promoters of one of our big insurance companies over half a century ago could have predicted the extent of the benefits of the organizations which they were just bringing into existence.

So the objects, as far as we care to predict them, are mutual coöperation, getting together for such benefits as time may point the way of accomplishing, making a start, in fact, just as the first insurers made a start when they banded themselves together and laid the foundation of one of these great insurance companies. I can but say that I believe the undertaking comes into life under favorable auspices with an example before it of what insurance has

accomplished in the re-created San Francisco, the place where the first great Congress is to convene, that will be inspiring to every man who attends, for besides what the eye will see in the reconstructed city, there will be encountered a spirit among San Francisco insurance men of almost reverence for the institution of insurance, which was created in the day of their adversity, and so deeply set in their hearts that it will be felt and understood by the visitors, no matter from what part of the world they may come.

Tentatively speaking, however, and based upon the interest that has been evinced through wide correspondence that I have had with leading insurance influence, I can state that three of the big subjects that will occupy much of the attention of the Congress will be first, Fire Prevention, for which a Committee has already been started on a National basis, with Mr. Garner Curran, of the *Insurance and Investment News* of Los Angeles, who is an expert upon this subject, as Chairman. Then an extensive correspondence has been had with those interested in Accident Prevention, which develops the fact that they are already organized on a broad national basis upon this subject, and the interest which the experts in this domain have evinced in the Congress warrants me in predicting that it will also occupy a position of great importance in the activities of the Congress.

Then in the domain of life insurance, we come to a subject which is already claiming the attention of all of us who think of the future of the business, and that is the subject of Health Conservation, which I find is receiving deep attention, not only on behalf of many of the leading officials connected with life insurance, but on behalf of educators who evince a willingness to join with life insurance men in any activities or research that will educate the public upon this subject. That Health Conservation will be one of the big subjects, there can be no question.

So, broadly speaking, these three subjects may be considered as already having become a part of the Congress movement, and as they are subjects in which the public as a whole is interested, and through them those engaged in insurance are performing a public service in promoting, they will prove from a broad public standpoint most attractive features, to which I hope we will be able to add something to the big work already being accomplished in those directions.

There are, of course, other subjects in which we as insurance men see deep practical significance, which will doubtless claim serious attention, and through them the insurance interests as a whole will find the most practical reasons for this Congress and I hope future coöperation; and while I have had extensive correspondence regarding many of them they could only be spoken of here in a tentative way, as the extent of the consideration given all such matters will be proper subjects for the National Council to determine, and there readily occur to every one of us present subjects in connection with the agency end of the business which

could profitably command the attention of such a Congress. That these subjects will be considered I do not doubt, but it is well to understand that these and all kindred subjects will be considered just to the extent that active members of this and similar organizations exert their claims for consideration through the National Council, and all subjects of this or kindred natures addressed to me as Commissioner will be referred to the proper Committees of that body for full consideration of such claims as they may have; and as we will soon have an executive secretary installed handling the details of this work, I hope that every man who feels an interest in any particular subject connected with the business which he thinks merits consideration at such a Congress will bring it before us with all the influences which the subject has behind it.

A vast number of matters have transpired in connection with this movement that cannot be included in this report, which, in a measure, is one dealing only with the necessary outline of the movement development, but it would not be complete to close it without mention of the action taken by the European International Bureau of Insurance at its annual meeting in Paris on July 5th last, when it passed a resolution to the effect that in view of the World's Insurance Congress to be held in San Francisco in 1915, the bureau decided not to hold its regular congress in that year, but to recommend to the associations of which it is constituted that they should bring this World's Insurance Congress to the attention of their members with a recommendation that they participate in it instead of the regular European meetings that year, which shows that the European world is ready for this invitation, and, while it will be sent to each source in a more formal manner, we hope that they, together with all American interests, will take this as an advance notice and prepare for their part in it.

EQUALITY

An Original Poem

BY EDWIN W. DELEON

(Dedicated to the World's Insurance Congress of the Panama-Pacific International Exposition, San Francisco, 1915.)

Our Nation's fathers, with inspired vision clear,
This country's creed ordained in lofty wisdom rare;
All men created free and equal are,
Proclaimed they to all peoples, near and far;
They spake in truth, defining nature's plan,
Applied alike to all the sons of man;
On rich and poor, as well on low and high,

God's radiant sun bursts warmly from the sky ;
The freshening rains impartially bestow
Their blessings great on mortals here below ;
The tempering breeze, or tempest's cruel roar,
Knock both at mansion and at cottage door ;
Majestic tower the mountain's snow clad peaks,
In solemn state awaiting him who seeks ;
The sloping hills, the valleys verdent hued,
By owner or by peasant may be viewed ;
Grim ocean's tides, with ceaseless ebb and flow,
Provide to all mankind a way to go ;
Each changing season, with Divine Intent,
To benefit humanity alike, is meant ;
And e'en the air we breathe, the flowers' perfume sensed,
In nature's lavish measure are equally dispensed.

EDITORIALS FROM SAN FRANCISCO NEWSPAPERS

INSURANCE CONGRESS WILL BENEFIT ALL

(From the San Francisco *Call and Post*)

The *Call and Post* has published a great deal of comment on the benefits of insurance. People have come to take fire insurance for granted, and thoughtful persons in particular have adopted that attitude toward life insurance, which is just as essential for a family's protection as fire insurance is wise for the protection of property against unavoidable loss. In fact, the unselfish man, the man who loves his family, will think first of life insurance.

However, we are not to discuss the merits of those forms of protection at this time, but to call the attention of San Francisco the fact that in October the World's Insurance Congress will be held at the Exposition. This will be the first time that an insurance congress has ever been held at a world's fair. We are confident that at every succeeding exposition of international scope the insurance movement will be represented in increasing importance.

The program for the October congress has been prepared in outline and promises unusually interesting discussions of topics of benefit not only to the commercial aspect of the companies, not only helpful to the great masses of people who as policyholders are already participants in the benefits of insurance companies, but to the public at large. For the insurance companies are working for the improvement of living conditions, for the lessening of the fire hazard, for the extension of the period of life and for the better protection of working men and women. And with the progress of these reforms the whole people will be benefited, for the condi-

tion of one cannot be improved without his neighbor and his fellow-worker participating in the greater security that is given.

WORLD'S INSURANCE CONGRESS HAILED AS EXPOSITION'S BEST

(From the San Francisco *Chronicle*)

The World's Insurance Congress will convene in this city on October 4th and continue in session for two weeks. The sessions of the first six days and the eleventh day will be held in the Civic Auditorium, while those of the seventh, eighth, ninth and tenth days will be at the Court of the Universe on the Exposition Grounds.

No more important convention has been, or will be, held in this city this year. The insurance companies are the only important organizations of the world which have at their disposal enormous means and prodigious influence, and which make money for their stockholders by preventing loss of any kind.

These organizations may be considered conservationists for hire on a scale which embraces all forms of human activity and all places of human existence. The greater the freedom from loss to individuals, the larger the dividends to the stock-holders of insurance companies.

To the problems of safety, those who will meet in this congress will bring the highest intelligence, the wisest experience, and the greatest operating fund that can possibly be concentrated upon them.

It is now possible for a reasonable premium to insure oneself against any kind of loss. With fire insurance, marine insurance, life insurance, and accident insurance we are all familiar. In fact, as to industrial accident insurance, every resident of California is an underwriter, and, if wise, is also one of the insured. He is an underwriter anyhow.

In recent years those engaged in insurance have come to realize that social conditions have decided effect on the amount of losses, and therefore upon the profits of underwriting.

The life insurance companies have a vital interest in the public health, and some of them carry on systematic welfare work among their policyholders, not at all as a charity, but as a producer of dividends. Insurance companies make most money when the communities which they serve are orderly, healthy, prosperous and contented, and as a matter of business they promote those conditions wherever they operate.

It is these broader aspects of insurance that will be presented at this congress—the "service" which, in the course of their work, they find it profitable to render to the community, and these questions will be discussed in almost equal number, and by the underwriters and the underwriter. The programme indicates that the sessions will be full of popular interest, and should attract large audiences of the general public.

AN OPEN LETTER FROM THE PRESIDENT OF THE NEW
YORK LIFE INSURANCE CO. TO THE COMMISSIONER
OF THE WORLD'S INSURANCE CONGRESS, PAN-
AMA-PACIFIC INTERNATIONAL EXPOSITION

NEW YORK LIFE INSURANCE COMPANY
NEW YORK, N. Y.

DARWIN P. KINGSLEY,
President.

May 15, 1914.

MR. W. L. HATHAWAY,
Commissioner, World's Insurance Congress,
San Francisco, California.

Dear Sir:

San Francisco is one of the necessary cities of the world, but that the Panama-Pacific Exposition of 1915 is to be held within her gates is attributable in very large measure to insurance and its singular service.

I do not say that San Francisco would not have been rebuilt in any event, but the difference between San Francisco as it is and San Francisco as it would have been if insurance had not almost immediately provided its stricken people with \$190,000,000 after calamity fell, is something so considerable that, while we may not exactly measure it, everybody must recognize it. Of this \$190,000,000 nearly \$60,000,000 came from across the Atlantic. In other words, the foundations of insurance were wider than the nation, wider than the continent, and the means thus provided for reconstructing San Francisco were adequate because of a substantially unrestricted operation of the insurance idea.

No idea, therefore, of the many which will be discussed and advanced during this Exposition will so well harmonize with its environment as insurance.

A great fact with which the coming World's Insurance Congress will be faced—indeed the greatest fact—is that insurance of all types in the United States is seriously menaced at the present time by conflicting and hostile governmental regulations which threaten—indeed have already begun—to impair its usefulness.

We all know that the Constitution of the United States was the outgrowth of commercial necessity. The original colonies did not form the Union because they wanted to. In commercial matters they hated each other cordially. After they had won independence, they indulged in acts of commercial reprisal which seem to us at this distance almost unbelievable. In order to vent their spleen, some of the colonies discriminated in favor of European

nations as against their sister colonies. The menace of outside interference finally became so real and the danger so imminent that the colonies were compelled to put aside some of their animosities in order to get together for the common defence. The Constitution of the United States adopted in 1788 was the result of this movement. If at that time the people of the various colonies had understood how flexible the instrument was, how nationality would spring up under it, how the central government would gradually develop a real sovereignty in place of the spurious sovereignty with which they deluded themselves—they would not have adopted it.

The notion that the colonies were severally sovereign—which was never true—survived the birth of the new nation and has plagued it ever since. Nationality has slowly but surely evolved in the intervening years, but the old prejudices and the old animosities have steadily fought that development.

Chief Justice Marshall had a clear vision of nationality and in some of his great decisions did as much to give the Constitution its present meaning as the men who fashioned it in that immortal convention in Philadelphia. Marshall's definition of the relation between the general government and the States was substantially this:

"The action of the general government should be applied to all the external concerns of the nation, and to those internal concerns which affect the States generally; while to the States is reserved the control of those matters which are completely within a particular State, which do not affect other States, and with which it is not necessary to interfere for the purpose of executing some of the general powers of government."

If the Supreme Court had adhered to that doctrine, the conditions which threaten the usefulness and efficiency of all kinds of insurance would not to-day exist, but unfortunately in 1868 the Court fell into a great economic error in declaring that insurance was not commerce. It repeated the error, as Courts are all prone to do, from time to time; but as the question in its modern relations had never been fully presented to the Court, it was hoped when a fresh case, involving no other issue, was presented, the Court might—as it has done many times in other matters—reverse its earlier decisions and declare, as the interests of the public clearly demand, that insurance is commerce. Those who hoped for that result perhaps overlooked the force of inertia. They did not properly appreciate the restraining power of established practices and accumulated precedents. If insurance were declared to be commerce, down would go the whole fabric of State supervision, and away would go something like \$17,000,000 or \$18,000,000 taken annually by politics from the prudent people who through insurance protect their business and their families.

Supervision by forty-eight separate States involves political patronage and great political power. To annihilate by a single decree a system so entrenched required courage of the highest order. Two of the Court faced the facts and stood for the doctrine (*N. Y. Life Ins. Co. v. Deer Lodge County, Montana*) that insurance is commerce; but the majority adhered to the precedents and by so doing shut the door to any relief under the commerce clause of the Constitution as it now stands.

This was a heavy blow to insurance, and served to emphasize an increasing peril. To be supervised by forty-eight separate masters, each of whom claims substantial control over all transactions wherever had, means, for that business, a recurrence of the hostilities, the animosities and the commercial impotence which menaced the colonies prior to the adoption of the Constitution.

Under such conditions it is rather remarkable that companies were able, up to within a few years, to comply with the conflicting requirements of all these masters and do business in all the States. Some seven years ago, substantially all the life companies were driven out of Texas because of drastic local legislation. Since that time fire companies have had serious troubles in Missouri and are now having great difficulties in Kentucky.

With our highest Court explicitly denying to the Federal Government any jurisdiction whatever over insurance, the notable thing is not that we are now having trouble but that we did not have it earlier.

Insurance long ago began an agitation looking toward an amendment to the Constitution—an amendment which would clearly place amongst the enumerated powers of Congress the authority to control insurance within the States, Territories and possessions of the United States. Since the Supreme Court has again and finally declared that insurance is not commerce, the agitation has been renewed.

The agitation has taken on new life because of a decision by the Supreme Court, handed down recently, in which a statute of Kansas is upheld which gives the Superintendent of Insurance of that State authority to fix fire insurance rates. Of course the Legislature of Kansas can fix fire insurance rates, it can fix life insurance rates, and the rates for every type of insurance. Indeed, one of the Justices, in dissenting, said of the opinion, that it

“... is not a mere entering wedge, but reaches the end from the beginning and announces a principle which points inevitably to the conclusion that the price of every article sold and the price of every service offered can be regulated by statute.”

Insurance, therefore, finds itself in this position:

It seeks to do business in all the States; indeed it must if it works efficiently and successfully.

The basis of the structure must be broad,—broader, much

broadier than any State, broader than any half dozen States; indeed added strength comes if the basis is broader than any nation.

But it is told by the Supreme Court, first, that it can operate in the various States only by their permission, and on such terms as they severally establish; and, second, that, operating in that fashion, it is subject not merely to regulation in the ordinary meaning of that word, but to the exercise of an authority which may fix the price at which it shall sell its wares—in other words, to the same authority under which a person's property may be taken for the public good.

To the doctrine that States may fix insurance rates two Justices dissented strongly, and as evidence that the insurance contract had always been considered a private contract and not impressed with any public necessity, they cited that fact that no State had earlier attempted to exercise such authority. The distinguished dissenters overlooked the fact that the State of Wisconsin some years ago fixed a maximum basis for the premiums of life insurance, not only for that State but incidentally and necessarily for all the States. For a life insurance company to charge a different rate in different States would be so impracticable that business would be impossible. The dissenting Justices overlooked this precedent because it has not since happened that any other State has been moved to do a similar thing, and no test of the validity of the statute has been made. But since the Wisconsin statute was passed, life insurance has been keenly alive to what would happen if other States should take like action. Our highest Court now says that all the States have authority so to act.

In these circumstances insurance is as certainly menaced by the animosities inevitably and always provoked by the doctrine of States' Rights as the commerce of the colonies was before the birth of the nation. Relief must be had. The great problem before all insurance is:

Along what lines shall relief be sought?

Encouraged by the dissent in the *Deer Lodge* case, many strong men believe that if Congress could be induced to pass a statute taking charge of insurance when it involves the citizens of more than one State, the Supreme Court—notwithstanding its earlier decisions—would sustain such a statute. In other words, it is one thing for the Court to pass on an abstraction and another to pass upon a Federal statute. Two of the Court in passing on an abstraction said that insurance is commerce. It is altogether probable that others hesitated, and that hesitation would have been resolved in favor of the coördinate branch of government if that coördinate branch, in the exercise of its discretions had declared for Federal control of insurance.

But upon the whole and in order to reach a conclusion that will be unequivocal, insurance opinion rather leans toward an effort to secure an amendment to the Federal Constitution which

will specifically put all insurance done in an interstate way under the control of Congress.

In justifying the Court's action in upholding the validity of the Kansas statute, Justice McKenna draws a striking picture of the character and usefulness of fire insurance, seeking to drive home its great importance and enforce its public relations. His word painting may or may not justify the doctrine that a State may fix rates, but it clearly proves that if any power is to fix rates in this country, it must be the Federal power and not the power of the separate States. He says:

“The effect of insurance—indeed, it has been said its fundamental object—is to distribute the loss over as wide an area as possible. In other words, the loss is spread over the country, the disaster to an individual is shared by many, the disaster to a community is shared by other communities; great catastrophes are thereby lessened, and it may be, repaired. In assimilation of insurance to a tax, the companies have been said to be the mere machinery by which the inevitable losses by fire are distributed so as to fall as lightly as possible on the public at large, the body of the insured, not the companies, paying the tax. Their efficiency, therefore, and solvency are of great concern. The other objects, direct and indirect, of insurance we need not mention. Indeed, it may be enough to say, without stating other effects of insurance, that a large part of the country's wealth, subject to uncertainty of loss through fire, is protected by insurance. This demonstrates the interest of the public in it and we need not dispute with the economists that this is the result of the ‘substitution of certain for uncertain loss’ or the diffusion of positive loss over a large group of persons, as we have already said to be certainly one of its effects. We can see, therefore, how it has come to be considered a matter of public concern to regulate it, and governmental insurance has its advocates and even examples. Contracts of insurance, therefore, have greater public consequence than contracts between individuals to do or not to do a particular thing whose effect stops with the individuals.”

The distinguished Justice, in this impressive description of the service to business and society rendered by fire insurance, described at the same time the service and the nature of every considerable kind of insurance; but he apparently did not perceive that what he described existed and was being justified only because the State powers, which the Court then confirmed, had not hitherto been exercised. The Justice, in other words, based his decree on the existence of a service and a relation which will hereafter be gravely limited and embarrassed, if not largely destroyed, by that self-same decree. If the States had from the beginning exercised the rate-making power, in addition to current regulations, we should now have in this country no great fire insurance companies, no great life insurance companies, no great fidelity or surety companies,—just as we should now not be a nation if the Confederation had not been abandoned and the Union created.

Where the exercise of a named authority will certainly diminish, if not substantially destroy, the matter on which it operates, either the thing to be so governed is not entirely useful or the authority to be so exercised is not entirely wholesome. For our highest Court to find in the wide usefulness of an idea warrant for the confirmation of an authority which will destroy that usefulness is a curious judicial development. The majority opinion leaves no doubt as to the entire usefulness of insurance, while the strong minority opinion leaves no doubt as to the unwholesome character of an authority which will establish forty-eight separate rate-making powers.

What other thing, therefore, so distinctive, what other topic so vital, what other matter so certainly related to the future of business can your coming Congress so well deal with?

Merely to meet and discuss old topics—such as management and taxation—will have a limited interest. To seize boldly on this situation, to speak in no uncertain tones with regard to it, to pledge, so far as you properly can, all the powers of insurance in its various forms and through all its vast organization to a campaign in favor of a Constitutional amendment of the character indicated, would be at once an act of leadership and of statesmanship.

I commend such action to your careful consideration.

Yours truly,

DARWIN P. KINGSLEY,
President.

AN OPEN LETTER REPLYING TO THE PRESIDENT OF THE NEW YORK LIFE INSURANCE CO.

BY THE COMMISSIONER OF THE WORLD'S INSURANCE CONGRESS
EVENTS OF THE PANAMA-PACIFIC INTERNATIONAL EXPOSITION

PANAMA-PACIFIC INTERNATIONAL EXPOSITION
1915
Exposition Building

Office of the Commissioner for the
WORLD'S INSURANCE CONGRESS EVENTS
OF 1915

SAN FRANCISCO, CAL., June 16th, 1914.

DARWIN P. KINGSLEY, Esq., President,
New York Life Insurance Company,
New York City.

Dear Sir:

I have read with absorbing interest your masterful presentation of the subject covered in your open letter of May 15th; and

have caused to be sent to each member of the National Council of this organization, as well as to other interested parties, a copy, that they all may have this early opportunity of learning your viewpoints and objects, and the reasons actuating them.

In this way I hope to give all those influences interested in the coming Congress the advance opportunity for a broad discussion of this and other great subjects that can reasonably be expected to claim its attention, for it is easily apparent that the big matters which will come before this Congress for consideration are those in which the big insurance influences of the Nation are sufficiently interested to bring to the front with the initiative force that has been displayed by you on the subject of Federal supervision.

While the closing paragraphs of your letter are frankly gratifying, nevertheless I feel that you will agree with me, after a careful study of the growth and formation of this Congress movement to date, that it is scarcely the province of this Commission to adopt and advocate any particular object other than the broader one of the task to which we have set ourselves; namely—of effecting for the first time in the world's history a harmonious coöperation between the tremendous segregated influences of insurance of the accomplishment of such purposes as they may decide to be mutually advantageous;—and the abandonment of this broad principle to which we are committed, for the advocacy of any one particular object (no matter what our personal views regarding it might be) would in all probability, I am sure you will readily realize, result in making the work of bringing these many segregated influences together at least more difficult, if not in some cases impossible.

Consequently, it became evident in the early history of this work that a body truly national in its scope of influence must be created whose voice would be dominant in all matters regarding the personnel of the Congress and the program covering its subjects; and for this purpose I asked each national or semi-national association representing any branch of insurance or its allied professions to pass a resolution favoring this Congress, and to name some prominent member to represent it upon this National Council; and up to date the following associations have, in their regular conventions, officially passed such resolutions of endorsement, and selected the gentlemen whose names follow to represent them in this National Council; and upon them, and such additional appointments as a complete representation may require, will rest the responsibility of speaking for their various associations and interests as to the subjects which this Congress can deal with to the advantage of American insurance as a whole:

ASSOCIATION OF LIFE INSURANCE PRESIDENTS:

Robert Lynn Cox, General Counsel and Manager, Association of Life Insurance Presidents, New York.

NATIONAL BOARD OF FIRE UNDERWRITERS:

Whitney Palace, Vice President, Hartford Fire Insurance Company, Hartford, Conn.

AMERICAN ASSOCIATION OF ACCIDENT UNDERWRITERS:

Charles C. Boyer, President, American Association of Accident Underwriters, Chicago, Ill.

ACTUARIAL SOCIETY OF AMERICA:

W. C. Macdonald, Secretary and Actuary, Confederation Life Association, Toronto.

INSURANCE INSTITUTE OF AMERICA:

Herbert Folger, Assistant General Agent, G. A. Tyson Agency, San Francisco.

AMERICAN LIFE CONVENTION:

Thomas L. Miller, President, West Coast Life Insurance Company, San Francisco.

THE WESTERN UNION:

A. W. Damon, President, Springfield Fire and Marine Insurance Company, Springfield, Mass.

INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS:

Charles H. Holland, General Manager, Royal Indemnity Company, New York.

NATIONAL ASSOCIATION OF LIFE UNDERWRITERS:

George A. Rathbun, Manager, Equitable Life Assurance Society, Los Angeles, Cal.

NATIONAL ASSOCIATION OF INSURANCE AGENTS:

C. H. Woodworth, 7 West Seneca Street, Buffalo, N. Y.

SURETY ASSOCIATION OF AMERICA:

R. R. Gilkey, Secretary, Surety Association of America, New York City.

NATIONAL FIRE PROTECTION ASSOCIATION:

Franklin H. Wentworth, Secretary, National Fire Protection Association, Boston, Mass.

NATIONAL FRATERNAL CONGRESS OF AMERICA:

A. R. Talbot, Head Consul, Modern Woodmen of America, Lincoln, Neb.

DETROIT CONFERENCE:

Louis H. Fibel, President, Great Eastern Casualty Company, New York City.

WESTERN INSURANCE BUREAU:

E. G. Halle, Manager, Germania Fire Insurance Company, Chicago, Ill.

ASSOCIATION OF LIFE INSURANCE MEDICAL DIRECTORS:

W. W. Beckett, M. D., Medical Director, Pacific Mutual Life Insurance Company, Los Angeles, Cal.

NATIONAL COUNCIL FOR INDUSTRIAL SAFETY:

David Van Schaack, Director, Bureau of Inspection and Accident Prevention, Aetna Life Insurance Co., Hartford, Conn.

CANADIAN LIFE INSURANCE OFFICERS' ASSOCIATION:

T. B. Macaulay, Managing Director, Sun Life Assurance Company of Canada, Montreal, Que.

NATIONAL ASSOCIATION OF CREDIT MEN:

C. T. Hughes, Secretary, San Francisco Credit Men's Association, San Francisco.

AMERICAN SOCIETY FOR FIRE PREVENTION:

Abram W. Herbst, Director of Safety, American Society for Fire Prevention, New York City.

AMERICAN INSTITUTE OF ACTUARIES:

Oswald J. Arnold, Secretary and Actuary, Illinois Life Insurance Company, Chicago, Ill.

NATIONAL ASSOCIATION OF CASUALTY AND SURETY AGENTS:

C. L. Jones, Resident Manager, Ocean Accident and Guarantee Corporation, San Francisco.

LIFE UNDERWRITERS' ASSOCIATION OF CANADA:

John A. Tory, Honorary President, Life Underwriters' Association of Canada, Toronto, Can.

FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC:

T. H. Williams, Ex-President, Fire Underwriters' Association of the Pacific, San Francisco.

SOUTHERN CASUALTY AND SURETY CONFERENCE:

Charles E. Clarke, Secretary, Peninsular Casualty Company, Jacksonville, Fla.

CALIFORNIA STATE ASSOCIATION OF LOCAL FIRE INSURANCE AGENTS:

W. G. Thompson, President, California State Association of Local Fire Insurance Agents, Napa, Cal.

ASSOCIATION OF LIFE INSURANCE COUNSEL:

Wm. J. Tully, General Solicitor, Metropolitan Life Insurance Company, New York City.

PACIFIC COAST AUTOMOBILE UNDERWRITERS:

J. B. Levison, Vice President, Fireman's Fund Insurance Company, San Francisco.

UNDERWRITERS' LABORATORIES, INC.:

John Marshall, Jr., Associate Manager, Fireman's Fund Insurance Company, Chicago, Ill.

INSURANCE BROKERS' EXCHANGE OF SAN FRANCISCO:

R. C. Ward, San Francisco.

PLATE GLASS SERVICE AND INFORMATION BUREAU:

H. C. Hedden, Secretary, New Jersey Fidelity and Plate Glass Insurance, Newark, N. J.

NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES:

W. E. Straub, President, Farmers' Mutual Insurance Company, Lincoln, Neb.

BOARD OF FIRE UNDERWRITERS OF THE PACIFIC:

Rolla V. Watt, President, Board of Fire Underwriters of the Pacific, San Francisco.

FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

John Marshall, Jr., Associate Manager, Fireman's Fund Insurance Company, Chicago, Ill.

FEDERATED FRATERNITIES:

W. A. Roane, President, Federated Fraternities, Atlanta, Ga.

THE CASUALTY UNDERWRITERS' ASSOCIATION OF CALIFORNIA:

E. C. Landis, Manager, London Guarantee and Accident Company, San Francisco.

UNDERWRITERS' BUREAU OF NEW ENGLAND:

Gorham Dana, Manager, Underwriters' Bureau of New England, Boston, Mass.

SOUTHEASTERN UNDERWRITERS' ASSOCIATION:

S. Y. Tupper, Manager, Queen Insurance Company, Atlanta, Ga.

ANCIENT AND HONORABLE ORDER OF THE BLUE GOOSE:

T. H. Williams, Past Most Loyal Grand Gander, Ancient and Honorable Order of the Blue Goose, San Francisco.

FIRE UNDERWRITERS' INSPECTION BUREAU:

F. H. Porter, Manager, Fire Underwriters' Inspection Bureau, San Francisco.

WORKMEN'S COMPENSATION SERVICE BUREAU:

Charles H. Holland, General Manager, Royal Indemnity Company, New York City.

The above associations have been conservatively estimated by well informed insurance men to represent the principal insurance influences of the Nation. We have assurances that the few who have not already officially acted in this matter will do so at their coming annual conventions, and with such additional appointments as may become necessary to ensure full representation, we feel justified in stating that the organization is well nigh completed for the beginning of the actual work of the formation of the Congress and deciding upon what subjects shall enter into its program.

The influences thus brought together in this Congress will be the direct representatives of all who derive their livelihood from the commerce of insurance or its allied professions, who number approximately fifteen out of every one thousand of the American population, and these fifteen people out of every thousand are of the most active and intelligent class, and are located in every important city block and practically every crossroads of America, it will not be a large undertaking for them to thoroughly educate the other nine hundred and eighty-five, or that part of the nine hundred and eighty-five who are insurers, as to what is their best interest in all matters of public policy connected with the insurance which their thrift pays for; and if this Congress results in one or more concrete decisions regarding what the insurers of America should know, and such decisions flow back through these various influences to these fifteen out of every one thousand, it would appear that any big issues that depend upon the education of the intelligent masses of American population could most uniformly, effectively and economically be reached in this way.

However, as to what the big subject or subjects may be that this Congress will consider, the conclusions of which will flow back through these various channels for the education of the public mind, must, to have weighty consideration, first be decided by this National Council, and afterwards ratified by the Congress in session.

Now, as the laws and rules governing almost every undertaking of natural growth are gradually created with its history, it seems best to reproduce here, following this letter, a copy of the paper which I delivered before The National Association of Life Underwriters at Atlantic City last September, for the reason that the history of the movement is carefully outlined in that paper and many of the objects to which we are committed show throughout its history.*

However, I feel that the full force and possibilities of this movement can best be understood by a thorough reading of its history, which the following paper will give.

Yours truly,

W. L. HATHAWAY,
Commissioner.

FEDERAL SUPERVISION OF LIFE INSURANCE: POSSIBILITY—FEASIBILITY †

BY DAN W. SIMMS

General Counsel, Lafayette Life Insurance Company,
Lafayette, Ind.

If every insurance company, every policyholder and every insurance organization in the United States were agreed in a demand for exclusive Federal supervision; if every Senator and Representative of the Federal Congress had voted as a unit upon the passage of such a law, committing the whole subject of life insurance to Federal supervision, to the exclusion of State supervision, and the President of the United States had affixed his signature to the bill, we should yet be no nearer exclusive Federal supervision than we are to-day.

It is obvious that Federal supervision, under the existing Federal Constitution, could be exercised only on the theory that life insurance is interstate commerce, or an instrumentality thereof, within the meaning of that instrument. That life insurance is not interstate commerce would seem, on principle, too clear for

* This address is given on page 437.

† An address delivered at Dallas, Texas, before the Legal Section of the American Life Convention, October 9, 1914. (Issued by the Commission of the World's Insurance Congress Events at the request of the American Life Convention as indicating its position on Federal Supervision.)

debate. But strain and stretch the meaning of the phrase, "inter-state commerce," however much we may, the Supreme Court of the United States has defined it in terms which neither lawyer nor layman may misunderstand and by its oft-repeated *ipse dixit* has declared that life insurance is neither interstate commerce nor an instrumentality thereof.

Nearly a half century since, Mr. Justice Field, speaking for the Supreme Court of the United States, in *Paul v. Virginia*, 8 Wallace 168, said:

"Issuing a policy of insurance is not a transaction of commerce. The policies are simple contracts of indemnity against loss by fire, entered into between the corporations and the assured, for a consideration paid by the latter. These contracts are not articles of commerce, in any proper meaning of the word. They are not subjects of trade and barter, offered in the market as something having an existence and value independent of the parties to them. They are not commodities to be shipped or forwarded from one State to another and then put up for sale. They are like other personal contracts between parties, which are completed by their signatures and the transfer of consideration. Such contracts are not interstate transactions, though the parties may be domiciled in different States. The policies do not take effect—are not executed contracts—until delivered by the agent in Virginia. They are then local transactions and are governed by the local law. They do not constitute a part of the commerce between the States any more than the contract for the purchase and sale of goods in Virginia, by a citizen of New York whilst in Virginia, would constitute a portion of such commerce."

In *Fire Association of Philadelphia v. New York*, 119 U. S. 110, Mr. Justice Blatchford, in 1886, speaking for the same tribunal, quoted from *Paul v. Virginia*, *supra*, as follows:

"As to the power of Congress to regulate commerce among the several States, the court said that while the powers conferred included commerce carried on by corporations, as well as that carried on by individuals, 'Issuing a policy of insurance is not a transaction of commerce.' This decision only followed the principle laid down in the earlier cases of *Bank of Augusta v. Earl*, 13 Peters, 519, and *Lafayette Insurance Company v. French*, 18 Howard, 404."

In *Hooper v. State of California*, 155 U. S. 647, Mr. Justice White, speaking for that court, said:

"The contention here is, that inasmuch as the contract was one for marine insurance, it was a matter of interstate commerce, and as such beyond the reach of State authority and included among the exceptions to the general rule. This proposition involves an erroneous conception of what constitutes interstate commerce. That the business of insurance does not generally appertain to

such commerce has been settled since the case of *Paul v. Virginia*, *supra*. Whilst it is true that in *Paul v. Virginia*, and in most of the cases in which it has been followed, the particular contract under consideration was for insurance against fire, the principle upon which these cases were decided involved the question of whether insurance of any kind constituted interstate commerce. The court, in reaching a conclusion upon this question, was not concerned with any matter of distinction between marine and fire insurance, but proceeded upon a broad analysis of the nature of interstate commerce and of the relation which insurance contracts generally bear thereto."

Following this, Mr. Justice White quotes with approval the language of Mr. Justice Field in *Paul v. Virginia* above set out.

In *New York Life Insurance Company v. Cravens*, 178 U.S. 389, Mr. Justice McKenna, delivering the opinion of the court, in 1899, said:

"An interstate character is claimed for the policy, as we understand the argument, because plaintiff in error is a New York corporation and the insured was a citizen of Missouri, and because, further, the plaintiff in error did business in other States and countries. Does not the argument prove too much? Does it depend upon the residence of plaintiff in error in New York? If so, it would seem that every contract between citizens of different States becomes at once an interstate contract and may be removed from the control of the laws of the State at the choice of parties. If the argument does not depend here on the residence of the plaintiff in error, but on the other elements, a Missouri insurance corporation can have the same relation to them as plaintiff in error and can be, as much as plaintiff in error claims to be, 'the administrator of a fund collected from the policyholders in different States and counties, for their benefit'—the condition which plaintiff in error claims demonstrates the necessity of a uniform law, to be stipulated by the parties, exempt from the interference or the prohibition of the State where the insurance company is doing business. And yet plaintiff in error seems to concede that such power of stipulation Missouri corporations do not have, while it, a foreign corporation, and because it is a foreign corporation, does have."

After stating the necessity of a uniform law and an equal necessity that parties may stipulate for it, counsel for plaintiff in error say:

"It necessarily follows, therefore, that the insurance policy contracts of foreign insurance companies, as contracts of other foreign corporations, made by them with the citizens of a State, when doing business in that State, through the comity of the State, are like the contracts of natural persons, subject to the limitations of their own charters, and the suits of such contracts is to be determined by the fundamental rules of 'universal law.'"

Discussing this contention of counsel for plaintiff in error, the court proceeds to say:

"A foreign corporation undoubtedly is not a domestic corporation, and the distinction must often be observed, but the deduction from it by plaintiff in error cannot be maintained.

"The power of a State over foreign corporations is not less than the power of a State over domestic corporations. No case declares otherwise. We said in *Orient Ins. Co. v. Daggs*, 172 U. S. 557; 43 L. Ed. 552, 19 Sup. Ct. Rep., 281:

"That which a State may do with corporations of its own creation it may do with foreign corporations admitted into the State. This seems to be denied; if not generally, at least as to plaintiff in error. The denial is extreme and cannot be maintained. The power of a State to impose conditions upon foreign corporations is certainly as extensive as the power over domestic corporations, and is fully explained in *Hooper v. California*, 155 U. S. 648; 39 L. Ed., 297, 5 Inters. Com. Rep., 610, 15 Sup. Ct. Rep., 207, and need not be repeated."

"Is the statute an attempted regulation of commerce between the States? In other words, is mutual life insurance commerce between the States?"

"That the business of fire insurance is not interstate commerce is decided in *Paul v. Virginia*, 8 Wall. 168, 19 L. Ed. 357; *Liverpool & L. L. & F. Ins. Co. v. Massachusetts*, 10 Wall. 556, 19 L. Ed. 1029; *Philadelphia Fire Asso. v. New York*, 119 U. S. 110, 30 L. Ed. 342, 7 Sup. Ct. Rep. 108. That the business of marine insurance is not is decided in *Hooper v. California*, 155 U. S. 648, 39 L. Ed. 297, 5 Inters. Com. Rep. 610, 15 Sup. Ct. Rep. 207. In the latter case it is said that the contention that it is 'involves an erroneous conception of what constitutes interstate commerce.'

"We omit the reasoning by which that is demonstrated, and will only repeat: 'The business of insurance is not commerce. The contract of insurance is not an instrumentality of commerce. The making of such a contract is a mere incident of commercial intercourse, and in this respect there is no difference whatever between insurance against fire and insurance against "the perils of the sea!"' And we add, or 'against the uncertainty of man's mortality.'"

A number of other cases were decided within the period covered by these decisions, all in accord with the doctrine here announced.

To the average lawyer, engaged in the active practice, these decisions of the court of last resort would seem to have been sufficient to foreclose the question of the possibility of Federal supervision of life insurance. But one of the greatest insurance companies of the world still indulged the hope that a fresh case, tendering the modern relations of life insurance, could be so presented as that the court might be led to see the error of its ways and overrule these decisions covering an unbroken period of almost a half century.

Out of this hope came the case of New York Life Insurance Co.

v. Deer Lodge County, an action commenced in the District Court of Deer Lodge County, Montana, framed in such manner as to compel a decision of the sole issue: Is Federal supervision of life insurance possible under existing law?

The company lost in the local court, met a like fate in the Supreme Court of Montana, and promptly carried the case to the Supreme Court of the United States. So earnestly and ably was the issue presented to that tribunal that it re-examined with great care all the decisions attacked. From the opinion handed down December 15, 1913, by Mr. Justice McKenna, I quote at length, as follows:

"The same contention is made here as in the State courts; that is, that the tax is a burden on interstate commerce; and an elaborate argument is presented to distinguish this case from those in which this court has decided that insurance is not commerce. These cases are: *Paul v. Virginia*, 8 Wall. 168, 19 L. Ed. 357; *Ducat v. Chicago*, 10 Wall. 410, 19 L. Ed. 972; *Liverpool & L. Life & F. Ins. Co. v. Massachusetts* (*Liverpool & L. Life & F. Ins. Co. v. Oliver*), 10 Wall. 566, 19 L. Ed. 1029; *Fire Asso. of Philadelphia v. New York*, 119 U. S. 110, 30 L. Ed. 342, 7 Sup. Ct. Rep. 108; *Hooper v. California*, 155 U. S. 648, 39 L. Ed. 297, 5 Inters. Com. Rep. 610, 15 Sup. Ct. Rep. 207; *Noble v. Mitchell*, 164 U. S. 367, 41 L. Ed. 324, 22 Sup. Ct. Rep. 238.

"If we consider these cases numerically, the deliberation of their reasoning, and the time they cover, they constitute a formidable body of authority and strongly invoke the sanction of the rule of *stare decisis*. This we especially emphasize, for all of the cases concerned, as the case at bar does, the validity of State legislation, and under varying circumstances the same principle was applied in all of them. For over forty-five years they have been the legal justification for such legislation. To reverse the cases, therefore, would require us to promulgate a new rule of constitutional inhibition upon the States, and which would compel a change of their policy and a readjustment of their laws. Such result necessarily urges against a change of decision. In deference, however, to the earnestness of counsel, we will consider more particularly (1) what the cases decide, and (2) whether they are wrong in principle.

"*Paul v. Virginia* is the progenitor case. A law of Virginia precluded any insurance company not incorporated under the laws of the State doing business in the State without previously obtaining a license for that purpose, which could only be obtained by a deposit with the State treasury of bonds of a specified character to an amount varying from thirty to fifty thousand dollars. A subsequent law required the agent of a foreign insurance company to take out a license.

"Paul was appointed the agent of several fire insurance companies incorporated in the State of New York. He applied for a license, offering to comply with all the provisions of the law excepting the deposit of bonds. The license was refused and he, notwithstanding, undertook to act as agent for the companies, offered

to issue policies in their behalf, and in one instance did issue a policy in their name to a citizen in Virginia. For this violation of the statute he was indicted and convicted in one of the State courts, and the judgment was affirmed by the Supreme Court of Appeals of the State. Error was prosecuted from this court, based on, as one of its grounds, the alleged violation of the commerce clause of the Constitution of the United States.

"Replying to the argument to sustain the contention, the court said, by Mr. Justice Field, that its defect lay in the character of the business done. 'Issuing a policy of insurance is not a transaction of commerce. The policies are simply contracts of indemnity against loss by fire, entered into between the corporations and the assured, for a consideration paid by the latter. These contracts are not articles of commerce in any proper meaning of the word. They are not subjects of trade and barter, offered in the market as something having an existence and value independently of the parties to them. They are not commodities to be shipped or forwarded from one State to another, and then put up for sale. They are like other personal contracts between parties which are completed by their signature and the transfer of the consideration. Such contracts are not interstate transactions, though the parties may be domiciled in different States. The policies do not take effect—are not executed contracts—until delivered by the agent in Virginia. They are, then, local transactions, and are governed by the local law. They do not constitute a part of the commerce between the States any more than a contract for the purchase and sale of goods in Virginia by a citizen of New York, whilst in Virginia, would constitute a portion of such commerce.'

"The doctrine announced, that insurance was not commerce, but a personal contract, was emphasized by illustrations. *Nathan v. Louisiana*, 8 How. 73, 12 L. Ed. 992, was cited, where a tax on money and exchange brokers who dealt in the purchase and sale of foreign bills of exchange was sustained as not conflicting with the constitutional power of Congress to regulate commerce. The individual thus using his money, it was said (quoting the cited case), 'is not engaged in commerce, but in supplying an instrument of commerce. He is less connected with it than a ship-builder, without whose labor foreign commerce could not be carried on.' The doctrine was further illustrated by bills of exchange, foreign and domestic, which it was said were subject to the regulating and taxing laws of the states. And it was pointed out that the Federal Government taxed not only foreign bills, but domestic bills and promissory notes, whether issued by individuals or banks—a power the government could not have, it was said, if bills and notes were commerce. It was finally said: 'If foreign bills may thus be the subject of State regulation, much more so may contracts of insurance against loss by fire.'

"We have taken the trouble to make this long excerpt from the opinion because, as we have said, the case is the primary one, and because its argument is really exhaustive of the general principle. We shall consider presently whether there is anything in the case at bar which takes it out of the principle.

"In *Ducat v. Chicago*, a law of Illinois came up for review. It was a regulation of insurance companies not incorporated by the

State, and required their agents to be licensed upon the performance of certain conditions. Subsequently, by the act incorporating Chicago, the legislature imposed on all foreign insurance a tax of \$2 upon the \$100, and at that rate upon the amount of all premiums which should be received. It was made unlawful for any company to transact business until the payments was made. The State Supreme Court sustained the tax and this court affirmed its action, resting with the decision on *Paul v. Virginia*, the reasoning of which, it was said, it was not necessary to repeat.

“*Liverpool & L. Life & F. Ins. Co. v. Massachusetts*. The subject came up again for consideration in passing upon a statute of Massachusetts which levied a tax upon all premiums charged or received by any fire, marine, and fire and marine insurance company not incorporated under the laws of the State. The law was sustained. It was said: ‘The case of *Paul v. Virginia* decided that the business of insurance, as ordinarily conducted, was not commerce, and that a corporation of one State, having an agency by which it conducted that business in another State, was not engaged in commerce between the States.’

“*Fire Asso. of Philadelphia v. New York*. A statute of New York imposing taxes and conditions upon insurance companies of other States was considered and sustained. *Paul v. Virginia* was cited for the view that ‘issuing a policy of insurance is not a transaction of commerce.’

“We may say here that *Paul v. Virginia* was also cited for the proposition that the right of a foreign corporation to do business in a State other than that of its creation depends wholly upon the will of such other States. This proposition, it was said, was sustained by previous cases, and it has been sustained by many subsequent cases. Necessarily it could not be applied to foreign insurance companies if the business of insurance is commerce. In other words, that right exists and has only an exception, was said in *Hooper v. California*, 155 U. S. 648, 39 L. Ed. 297, Inters. Com. Rep. 610, 15 Sup. Ct. Rep. 207, ‘where a corporation created by one State rests its right to enter another and to engage in business therein upon the federal nature of its business.’ And that was the contention in *Hooper v. California*, asserting the invalidity of the statute of the State making it a misdemeanor for any person in that State to procure insurance for a resident in the State from an insurance company not incorporated under its laws. The argument was that inasmuch as the contract involved was one for marine insurance, it was a matter of interstate commerce, and as such beyond the reach of State authority, and included among the exceptions to the rule. It was replied by the court: ‘This proposition involves an erroneous conception of what constitutes interstate commerce. That the business of insurance does not generally pertain to such commerce has been settled since the case of *Paul v. Virginia*.’ To the attempt to distinguish between policies of marine insurance and policies of fire insurance, and thus take the former out of the rule of *Paul v. Virginia*, it was answered: ‘It ignores the real distinction upon which the general rule and its exceptions are based, and which consists in the difference between interstate commerce or an instrumentality thereof on the one side and the mere incidents which may attend

the carrying on of such commerce on the other.' And it was pointed out that if the power to regulate interstate commerce applied to all of the incidents of such commerce and 'to all contracts which might be made in the course of its transaction, that power would embrace the entire sphere of mercantile activity in any way connected with trade between the States; and would exclude State control over many contracts purely domestic in their nature.' And then, sweeping away the distinction between the different subject matters of insurance contracts, and the different events indemnified against, and declaring the principle applicable to all and determinative of the regulating power of the State over all, it was said: 'The business of insurance is not commerce. The contract of insurance is not an instrumentality of commerce. The making of such a contract is a mere incident of commercial intercourse, and in this respect there is no difference whatever between insurance against fire and insurance against the "perils of the sea."'

"This declaration was repeated and applied in *Noble v. Mitchell*, 164 U. S. 368, 41 L. Ed. 472, 17 Sup. Ct. Rep. 110, and in *New York L. Ins. Co. v. Cravens*, 178 U. S. 389, 44 L. Ed. 1116, 20 Sup. Ct. Rep. 962. The latter case has special application, for the plaintiff in error here was the plaintiff in error there, and the case concerned life insurance companies and their policies. In that case it was contended that a policy of mutual life insurance was an interstate contract and the parties might choose its 'applicatory law.' The contention was made in many ways and with great amplitude of argument and illustration. It was urged that on account of the mutual character of the company it was the administrator of a fund collected from its policyholders in different States and countries for their benefit. And the extent of the business was displayed by a stipulation of the parties as follows: 'That during the year 1886 and prior to the issuance of the policy sued upon, the amount of policies issued by defendant to citizens of Missouri was \$1,617,985, and the amount of insurance in force on the lives of citizens of Missouri on December 31, 1886, was \$8,886,542, and the total amount of policies issued by defendant in said year 1886 was \$85,178,294, and the total amount of policies in force on December 31, 1886, issued by defendant, was \$304,373,540.'

"It was also urged that modern life insurance had taken on essentially a national and international character, and that when *Paul v. Virginia* was decided the business was 'to a great extent local; that is, conducted through the domestic contracts by stock companies. The great and commanding organizations of the present day had hardly begun the amazing developments which have made them the greatest associations of administrative trusts of the business world.'

"These contentions were earnestly made; the reply to them deliberately meditated and its extent fully appreciated. The ruling in *Paul v. Virginia* and other cases was applied. We omitted the reasoning by which they demonstrated, we said, the correctness of their conclusion. We, however, repeated that 'the business of insurance is not commerce. The contract of insurance is not an instrumentality of commerce. The making of such a contract is

a mere incident of commercial intercourse, and in this respect there is no difference whatever between insurance against fire and insurance against the "perils of the sea" and, we added, that 'against the uncertainty of man's mortality.'

"In *Nutting v. Massachusetts* a statute of the State was sustained which required a licensing of the agent of a foreign insurance company not admitted to do business in the State, and made it a crime to solicit insurance of a resident in violation of the statute. The principle of the prior cases which we have referred to was affirmed.

"This detail shows what the cases decided. Were they rightly decided? The reasoning of the cases anticipate and answer the question, and it would rack ingenuity to attempt to vary its expression or more aptly illustrate it. A policy of insurance, the cases declare, is a personal contract, a mere indemnity, for a consideration, against the happening of some contingent event which may bring detriment to life or property, and its character is the same no matter what the event insured against, whether fire or hurricane, acts of man or acts of God, storms on land or storms on sea, death or lesser accident. The same event may involve both life and property, precipitating the obligation of the policies. Nor does the character of the contracts change by their numbers or the residence of the parties. The latter is made much of in this case. It was made much of in the *Cravens* case. The effort has been to give a special locality to the contracts and determine their applicatory law, and, indeed, to a centralization of control, to employ local agents, but to limit their power and judgment. To accomplish the purpose there is necessarily a great and frequent use of the mails, and this is elaborately dwelt on by the insurance company in its pleading and argument, it being contended that this and the transmission of premiums and the amounts of the policies constitute a 'current of commerce among the States.' This use of the mails is necessary, it may be, to the centralization of the control and supervision of the details of the business; it is not essential to its character. And we may say, in passing, that such effort has led to regulating legislation, but that it cannot determine its validity was decided in the *Cravens* case. See also *Equitable Life Assur. Soc. v. Clements* (*Equitable Life Assur. Soc. v. Pettus*), 140 U. S. 226, 36 L. Ed. 497, 11 Sup. Ct. Rep. 822.

"This legislation is in effect attacked by the contention of the insurance company. We have already pointed out that if insurance is commerce and becomes interstate commerce whenever it is between citizens of different States, then all control over it is taken from the State, and the legislative regulations which this court has heretofore sustained must be declared invalid.

"The number of transactions does not give the business any other character than magnitude. If it did, the department store which deals with every article which covers or adorns the human body, or, it may be, nourishes it, would have on character, while its neighbor, humble in the variety and extent of its stock, would have another. Nor, again, does the use of the mails determine anything. Certainly not that which takes place before and after the transaction between the plaintiff, and its agents in secret or in regulation

of their relations. But put agents to one side and suppose the insurance company and the applicant negotiating or consummating a contract. That they may live in different States and hence use the mails for their communications does not give character to what they do; cannot make a personal contract the transportation of commodities from one State to another, to paraphrase *Paul v. Virginia*. Such might be incidents of a sale of real estate (certainly nothing can be more immobile). Its transfer may be negotiated through the mails and completed by the transmission of the consideration and the instrument of transfer also through the mails.

"It is contended that the policies are subject to sale and transfer, may be used for collateral security and other commercial purposes. This may be, but this use of them is after their creation—a use by the insured, not by the insurer. The quality that is thus ascribed to them may be ascribed to any instrument evidencing a valuable right. The argument was anticipated in *Paul v. Virginia*, citing *Nathan v. Louisiana*, where, as we have seen, a tax on money and exchange brokers who dealt in the purchase and sale of foreign bills of exchange was sustained as not conflicting with the constitutional power of Congress to regulate commerce among the States or with foreign nations.

"It is contended that *Paul v. Virginia* and the cases which follow it must be limited, as it is contended 'the facts herein did limit them, to intrastate, not interstate, contracts,' and that if they be not so limited the *Lottery* case (*Champion v. Ames*), 188 U. S. 321, 47 L. Ed. 492, 23 Sup. Ct. Rep. 321, 13 Am. Crim. Rep. 561, and *International Text Book Co. v. Pigg*, 217 U. S. 91, 54 L. Ed. 678, 27 L. R. A. (N. S.) 493, 30 Sup. Ct. Rep. 481, 18 Ann. Cas. 1103, cannot stand.

"The basis of this contention necessarily is the insistence that the contracts in *Paul v. Virginia* and the succeeding cases were intrastate contracts while the contracts in the case at bar are interstate contracts. But this is a false characterization of the contracts. The decision of the cases is that contracts of insurance are not commerce at all, neither State nor interstate. This is the obstacle to the contention of the insurance company. The company realizes it to be an obstacle and has attempted to remove it by detailing the manner of conducting its business as demonstrating that its policies are interstate contracts. We have replied to the attempt and shown that its manner of business has no such effect. It follows necessarily, therefore, that neither the *Lottery* case nor the *Pigg* case impugns the authority or the application of the cited cases. They, the *Lottery* case and the *Pigg* case, were concerned with transactions which involved the transportation of property, and were not mere personal contracts.

"There are cognate cases to the cited cases, of contracts incident to commerce, but not of themselves commerce. In *Williams v. Fears*, 179 U. S. 270, 45 L. Ed. 186, 21 Sup. Ct. Rep. 128, there was levied by the State of Georgia a tax upon each emigrant agent or employer or employee of such agent, doing business in the State. The law imposing the tax was attacked as a violation of the commerce clause of the Constitution of the United States. Commerce was defined, quoting Mr. Justice Field, in *Mobile County v. Kim-*

ball, 102 U. S. 691-702, 26 L. Ed. 238-241, to 'consist in intercourse and traffic, including in these terms navigation and the transportation and transit of persons and property, as well as the purchase, sale and exchange of commodities.' The court considered the definition comprehensive enough for the purpose of the case, and, testing its application, said, by Mr. Chief Justice Fuller: 'These agents were engaged in hiring laborers in Georgia, to be employed beyond the limits of the State. Of course, transportation must eventually take place as the result of such contracts, but it does not follow that the emigrant agent was engaged in transportation. The conclusion was supported by cases, among others, *Paul v. Virginia*, and *Hooper v. California*. On the authority of the same cases and *New York L. Ins. Co. v. Cravens*, in *Ware & Leland v. Mobile County*, 209 U. S. 405, 52 L. Ed. 855, 28 Sup. Ct. Rep. 526, 14 Ann. Cas. 1031, it was held that contracts by brokers for the sale of cotton for future delivery, where the transactions were closed by contracts completed and executed in one State, although the orders were received from another State, were legally subject to a tax. Such contracts, it was said, were not 'the subjects of interstate commerce, any more than in the insurance cases where the policies are ordered and delivered in another State than that of the residence and office of the company.'

"In *Engel v. O'Malley*, 219 U. S. 128, 55 L. Ed. 128, 31 Sup. Ct. Rep. 190, a law of New York forbade individuals or partnerships to engage in the business of receiving deposits of money or for the purpose of transmission to another, or for any other purpose, without a license from the comptroller. It was attacked as a violation of the commerce clause of the Constitution. The case was decided to be similar in principle to *Ware & Leland v. Mobile County* and *Williams v. Fears*, and the law was sustained.

"Further discussion, we think, is unnecessary; and we have gone beyond the citing of the authoritative cases only in deference to the able and earnest argument of counsel."

In view of this final disposition of the question, it will be perceived that under the organic law of the nation, as uniformly interpreted by the court of last resort, Federal supervision of life insurance is no longer even a remote possibility. Indeed, it seems inexplicable that any lawyer could have persuaded himself otherwise these many years since.

But it is argued by able and learned men, experienced in life insurance in all its phases, that so great and pressing is the necessity for Federal supervision that a nation-wide campaign should at once be inaugurated to procure an amendment to the organic law which will confer upon the Federal Government power to take charge of, control and supervise all of the business and activities of life insurance companies "throughout the United States and its territories and possessions."

Passing for the moment the question of necessity and desirability, we meet at once the question which naturally suggests itself: Is it within the range of possibility to procure such an amendment

to the Federal Constitution as will confer supervision and control of life insurance upon the Federal Government, to the exclusion of the States?

It is said that life insurance is now paying to the several States seventeen million dollars annually for State supervision. Conceding this, it must nevertheless be admitted that these States, under our present scheme of government, are exercising sovereign rights and powers in supervising and collecting taxes upon this business. It is true that these States may surrender, if they will, these rights, this sovereign power, to the Federal Government. If two-thirds of both houses of Congress shall propose the amendment under consideration; or if, upon application of two-thirds of the States, a Constitutional Convention shall be called that can be induced to propose the amendment, and if three-fourths of the States can thereafter be found sufficiently willing to surrender these rights and powers to ratify such amendment, then, but not until then, may Federal supervision become an accomplished fact. Does any one who comprehends our wonderful system of government, who is at all familiar with the spirit of our laws, who appreciates in any measurable degree the trend of thought and temper of the people believe that this can be done? Given a people who would be so unselfish, so generous, so magnanimous, and what need were there to wrest from them State supervision by an amendment to the organic law? Doubtless, upon simple request to such a people, they would graciously and promptly abate such taxes, license fees and regulations. These people to whom we must go for the ratification of the amendment are the same people who have imposed and are collecting the taxes and fees, and who have prescribed and are now exercising the regulations from which it is sought to escape through the medium of Federal supervision.

In this discussion it is assumed that no one desires both Federal and State supervision. It is taken for granted that the most earnest champions of Federal supervision desire it for no ulterior purpose, but only because it will result in wholesome, efficient, single, uniform regulation at a greatly reduced cost, and that there is reasonable probability of the accomplishment of these results.

The amendment proposed which it is hoped will prove a panacea for all our ills reads: "The Congress shall have power to regulate the business or commerce of insurance, throughout the United States and its territories and possessions." If this language were to become a part of the Nation's fundamental law, many and varied might be the statutes enacted in pursuance thereof, but no act falling within its purview could deprive the states of the right to tax tangible assets, in whatever form, of foreign insurance corporations found at any given time in the State, or to police the business and safeguard the rights of policyholders. Life insurance business would continue to be carried on by corporations as

now. These corporations derive their charter, powers and rights from the States of their respective domiciles; and the right of any corporation of any given State to enter and transact business in a sister State must, subject only to certain limitations, depend upon the doctrine of comity between the States. The great trunk line railroads of the country are all engaged in interstate commerce and yet, notwithstanding the wide and far-reaching jurisdiction, supervision and control of the Interstate Commerce Commission, we find that as to taxation, operating crews, character of head-lights, track elevation, grade crossings and many other subjects, the States through which these lines extend are supervising quite thoroughly. The great express companies, telegraph and telephone lines furnish a further illustration of what States can do and will do in the way of supervision, control and taxation of instrumentalities of interstate commerce, operating within their borders. Look in whatever direction you may, no signs will be discovered indicating the remotest tendency on the part of the States, or of the people composing them, to increase the power of the Federal Government at their own expense. The Federal Government, from the beginning, has been an institution founded upon delegated powers and so must it continue while the republic endures. It is a mistake to assume that sovereignty does not repose in the States. They possess all sovereignty except that which has been reserved and forbidden, while the Federal Government possesses only what power has been delegated to it.

In our century and a quarter of growth and experience seventeen amendments have been added to the Constitution. The first ten of these were submitted by the first Congress and were ratified and became effective in 1791. They constituted what is popularly known as "The American Bill of Rights," and were all designed to secure the individual citizen and the States against encroachments of Federal power. The Eleventh and Twelfth Amendments were designed to correct minor defects in the working of the Constitution. Following these came the Thirteenth, Fourteenth and Fifteenth Amendments, forbidding slavery, defining citizenship and securing the rights of suffrage to negroes. This group of amendments marks a political cataclysm and was deemed necessary to secure and confirm the results of an unhappy war. Consent of three-fourths of the States was and could only have been obtained through abnormal methods, under abnormal conditions. The only other changes in our organic law are marked by the Sixteenth Amendment, authorizing a levy of a general income tax, and the Seventeenth Amendment, providing for the election of United States senators by direct vote of the people.

We look in vain for any tendency or disposition here upon the part of the people or of the States to increase the power of the Federal Government by minimizing their own. While, upon the other hand, we need only observe the action of the several States in creating railroad commissions, State tax boards, insurance depart-

ments, utility commissions and other agencies, through which multiplied State laws are being administered, both as to intrastate and interstate business, to demonstrate the proposition that no amendment, the effect of which will be to take from the States a single right now being exercised in respect to insurance, and to confer that right upon the Federal Government, can ever even be proposed, much less ratified. The most, therefore, that any one may expect is State supervision plus Federal supervision.

State sovereignty, State rights are as sacred and as zealously guarded to-day as they were upon the adoption of the Federal Constitution.

He who has stopped to reflect upon our system of civil government is driven to see that "This Nation is a commonwealth of commonwealths, a republic of republics. A State, while one, is nevertheless composed of other States even more essential to its existence than it is to theirs." He who thinks otherwise has read the history of our country with an indifferent purpose and fails signally to comprehend the genius and spirit of our laws.

In view of the fact that Federal supervision, if it can be secured at all, means double supervision, is it desirable or feasible, from a business or economic standpoint? The answer to this question necessarily depends upon and involves the fundamental plans, policies and purposes of the corporate bodies engaged in the business. If life insurance will recognize the fact that it is a great business enterprise; that its field of activities is boundless; that its business principles must rest upon a scientific basis; that its plan and purpose, independent of government aid other than the protection of law accorded all legitimate business enterprises, is to write, conduct and administer life insurance as such; and that its functions must be discharged pursuant to the laws which safeguard and protect it, then I make bold to say that State supervision, with its ever-increasing efficiency, uniformity and fairness, is immeasurably preferable to Federal supervision intermingled, as it must inevitably be, with State supervision, the progress of which must necessarily be retarded by the confusion which the new system would inevitably entail.

If, however, life insurance should conceive that by virtue of its character and magnitude, its influence and power and the supreme wisdom of its prudential managers, it is at least a coördinate branch of the government; if it should convince itself that among its functions were the privileges of making and unmaking executives, legislators, jurists, and creating and dominating governmental commissions; and if it should conclude that it would best promote its own welfare by combining and assembling under one gigantic, colossal management, the directors of which would be hailed as world leaders, international statesmen, then, and in such event, would it desire Federal supervision at any cost. But a desire born of a dream so chimerical, emanating from a conception so fallacious, springing from a motive so vicious and inimical to

wholesome government, can be of no controlling force or aid to us in determining what the companies, of which the American Life Convention is composed, most need.

This body from the day of its birth has, in good faith, endeavored to accommodate itself to State supervision. Its members have rendered every aid within their power to the several State departments with which they have come in close touch, to systematize, improve and unify departmental regulation and supervision. The departments in the main have met the companies more than half way in their efforts to improve the business. The charges made by champions of Federal supervision that State departments are dominated by partisan politics and characterized by inefficiency, are, except as to isolated cases, absolutely without foundation. To the States properly belongs the credit for the organization of the National Convention of Insurance Commissioners, a body of conscientious, tireless, thoroughgoing men, whose efforts have contributed more to the general welfare of insurance, considered both from the standpoint of the company and of the policyholder, than Federal supervision could possibly contribute in a century to come. No ulterior purpose has dominated their activity. No partisan politics has biased their judgment. No special interest or company, large or small, has swerved them in the discharge of their duty. Coöperating with them the State departments and the insurance companies have given us regulation and supervision which in an increasing measure is coming to be based upon knowledge of conditions, comprehensions of the necessities of the situation, and a more intimate personal acquaintance among those who conduct and those who supervise the business. Supervision of this character has been, and I assume continues to be, the aim and hope of this organization. Indeed, one of the tenets of its faith, one of the prime purposes of its organization, was opposition to Federal supervision. To my mind the keynote to improvement in departmental supervision was sounded by Charles F. Coffin, Vice President and General Counsel of the State Life, in his virile, keen and comprehensive presentation of the report of the Committee on Departmental Supervision to this Convention at its last annual meeting. Intelligent and efficient supervision from Washington, in the very nature of things, cannot be hoped for. The ills of which complaint is made, under State supervision, must necessarily and inevitably become augmented and aggravated under supervision from either our present Interstate Commerce Commission or by means of a vast Federal insurance commission, created for the purpose. From where, think you, would come the members of a Federal insurance commission? From what school of insurance thought would Federal actuaries be chosen? How long would it be until your rates would be arbitrarily fixed by an authority that considered neither difference in time, place or conditions? How long would it be until the cost of procuring business would be governed by rules inflexible, until

your advertising would be censored, and your initiative destroyed? What is to become of the strategic position you now hold in your own State, which has oftentimes served you so well?

It seems to me that our attitude toward Federal supervision is that we wouldn't if we could and we couldn't if we would. If this be correct, it certainly follows that it would be extremely unwise from our point of view to join in an effort to procure an amendment to the Federal Constitution or to commit the World's Insurance Congress to such policy.

No good can possibly come, while much harm might result, from such agitation.

Our paths of duty lie straight before us. There has never been, nor will there ever be, any "royal road to success." Many and perplexing will be the problems which we must solve. Difficult, aye, all but insurmountable, the obstacles which we must encounter. But these problems we shall solve, these obstacles overcome, if undaunted we adhere strictly and loyally to principle and to duty, forgetting neither our obligations to our companies, nor our policyholders, nor the State.

THE WORLD'S INSURANCE CONGRESS—ITS AIMS AND OPPORTUNITIES

BY FORREST F. DRYDEN

President, The Prudential Insurance Company of America

The World's Insurance Congress of 1915 should prove a memorable event in the annals of insurance in all its branches. Just as the opening of the Panama Canal emphasizes the vast enlargement of the sphere of commercial relations throughout the world, so the World's Congress of Insurance foreshadows broader national and international conceptions of a business which, by common consent, now ranks foremost among the institutions making for human betterment. On the occasion of the Louisiana Purchase Exposition of 1904, an International Congress of Arts and Sciences was held in St. Louis, in the proceedings of which insurance for the first time received equal consideration with other sciences and arts represented at that important gathering. In connection with the World's Congress of Insurance in 1915, it is understood that an effort is to be made to bring about a thorough presentation of all the essential facts and phases of insurance as a social and economic institution. It is to be hoped, however, that special consideration will be given to the status of insurance as an element of commerce in the furtherance of the required economic security of the American people, best illustrated in the rebuilding of the new San Francisco out of the ashes of the old. No event in insurance history illustrates more forcibly the

practical value of insurance, not in one branch only, but in all. It is therefore to be hoped that insurance will be well represented at the Exposition itself, so that the public may obtain a complete understanding of the remarkable achievements and the unquestionable progress made by insurance in all its branches during recent years. An exhibit will be made by The Prudential which will be educational and scientific, and in connection with which every phase of the life insurance business will be set forth in conformity to approved methods. The exhibit will not be limited to the methods and results of insurance, but includes an extended consideration of insurance history from the earliest times, insurance practice throughout the world, insurance architecture as it appears in the buildings of the leading institutions, insurance mortality experience, and last but not least, insurance in its relation to public welfare as illustrated by the numerous problems of public health and personal hygiene practically throughout the entire Western Hemisphere. The Prudential exhibit will be in the section on Social Economy, which has finally been assigned space in the Mines Building on account of unavoidable limitations of space in the Education Building, as originally planned.

The present occasion suggests a few subjects which can properly receive special consideration on the part of the World's Insurance Congress, and in connection with the discussion of which the foremost authorities might express judgment for the betterment of conditions under which the business can be developed to a still higher degree of usefulness in the years to come.

First: The subject of taxation of insurance as a social and economic problem should receive the qualified attention not only of men familiar with the practice of insurance, but also of economists and those versed in the intricacies of public finance. The amount paid in taxes, licenses and fees by life insurance companies alone in 1912 was \$15,000,000, equivalent to 2.24 per cent of the premium receipts.

Second: The commercial aspects of insurance should be brought out in a thorough study of every phase of insurance activity along new lines, so as to establish beyond a question of reasonable doubt that, as a matter of fact and historical experience, insurance is, and always has been, an integral element of commerce in the commercial relations of mankind.

Third: The more effective and comprehensive supervision of new forms of insurance, based, possibly, on erroneous principles—actuarial, financial or otherwise—so that the prestige of the business may be enhanced and that the chances of unintentional error or deliberate fraud may be reduced to a minimum. Also the question of Federal supervision of insurance.

Fourth: The most effective coördination of life and other forms of insurance to public health activities, including all forms of social betterment aiming directly or indirectly towards an in-

crease in longevity and a reduction in the death rate from preventable diseases.

Fifth: The problem of social insurance should be frankly discussed from the point of view of private enterprise as related to the nation-wide interest in questions which are receiving an increasing amount of attention, best illustrated in the forthcoming International Congress on Social Insurance, to be held in this country in 1915. It is important that the institutions serving social insurance purposes in this country at the present time shall have the facts of their experience properly presented for public consideration, and that the enormous benefit resulting therefrom shall not be obscured by purely theoretical conditions of compulsory insurance methods abroad.

Sixth: The more effective and practical teaching of insurance as a science in universities, commercial high schools, etc., and the most suitable methods of including the elementary facts and principles of insurance in all its branches in the study of business methods, commercial arithmetic, commercial law, etc.

Seventh: Finally, the Congress could consider the practicability of establishing a National institute for insurance science, in which all branches of insurance should be presented for the information and instruction of the public as an aid towards a better understanding of the elementary facts of insurance experience and a guide in the framing of wise legislation for the supervision and control of a business which, in recent years, has assumed very large proportions. Such an institute, as implied in the foregoing suggestion, should also include an insurance museum for the collection and preservation of insurance literature, insurance experience, and the documentary methods and means by which the business has been carried on in the past, and is being carried on at the present time. This plan would tend measurably to advance the dignity of insurance as a social institution, and make manifest in the most convenient form the services rendered by sound insurance in all its branches to governmental, associated or individual efforts to make the world a better place to live in by eliminating the risks of the individual life. Such an institute would also serve as a means of welding together all of the numerous and at present widely separated insurance interests into one vast National and even international organization for the development and conservation of insurance as a science and an art making effectively and progressively for human betterment.

Along the line of the foregoing suggestions, the World's Congress on Insurance can, I believe, be made the most memorable event in the modern history of insurance, and the results of the vast gathering to be held can be made to promote the good of the business and the good of the people.

THE WORLD'S INSURANCE CONGRESS

BY CHARLES WARREN PICKELL

Manager, Massachusetts Mutual Life Insurance Co., Detroit, Mich.

The World—A big proposition geographically—a bigger one financially—a tremendous problem socially and morally—great questions, great needs, great opportunities.

Insurance—A guaranteed indemnity against loss.

Congress—A fourfold meaning:

1. *An assembly*—a coming together in one place—a convention.
2. *A convergence*—a concurrence or concentration—a tendency towards one idea.
3. *A conference*—an oral demonstration or intercourse—the act of consulting formally.
4. *A council*—a court of appeal—board of control—an advisory capacity.

Some definition! But definitions are only vehicles to carry us along. Some event! Ah, that's it, *some event!* Think of it! Hear the tramp of feet—thousands gathering from the four corners of the earth at the "Golden Gate" actuated by one purpose—to consult with one another—and devise means how people of all nations can conserve property and life by indemnifying them against loss.

Here is a conception both happy and praiseworthy. Out of the travail of men's souls—or I might better say a man's soul—Mr. W. L. Hathaway—was born this movement which will do more to shape future transactions in insurance circles than any other single event in the history of the business.

"Chance and change are busy ever." The sea takes its toll; fire turns to ashes the finest architectural dreams; disease ravishes the sturdiest of men; casualty lays its tragedies on humanity's stage; and other economic impairments demand thought and action. What is the purpose of this Congress? *Why, when, where, how*, must be answered. It will be an Inquisition and a College. A new era has dawned. Men are awake to the needs. The call is for brains and brawn. Back of this movement are the genius and energies of thousands of America's most progressive citizens, who furnish the dynamics to commerce, the impulse to thousands of worthy enterprises and the refining fire to society. To appreciate thoroughly the stupendous significance of this Congress one must take a comprehensive view of the enormous interests Insurance has protected. *Billions* of dollars—sums so large they overwhelm one! Nearly everything can be covered. Branches of this great business permeate every walk in life. It means *making good, redemption, conservation*, of *all* interests, and so touches *all* men everywhere. Some of the great corporations have even become *World* powers in finance.

Because of the far-reaching influences of this wonderful business, the interest in this Congress should be universal. Not alone will officers, directors, and field men of the many corporations engaged directly in the various line of insurance be interested, but thousands of allied interests will see possibilities of immeasurable good and lend a hand to insure a greater destiny.

But what of our own branch? What benefit will likely obtain to life insurance, which is now conceded by every one to be the greatest factor in social, economic and righteous existence in the whole wide world? Easy! Given: earnest men with ideas and visions; a common interest touching heart as well as purse; a praiseworthy ambition for growth and fruit; and *get them together*. Something doing? Well, yes! Threshing, sifting, cleaning, measuring wheat! Digging, crusing, separating, melting gold! Listen, concretely: (a) a clear-cut and well arranged curriculum of common school and university courses of education for the special training of the public conscience; (b) the *consecration* of health and the *treatment* of disease, prolonging life and reducing the cost of protection; (c) the devising and suggesting of *better* and *more uniform* State legislation, reducing taxes, safeguarding investments, preventing abuses that have crept into field work; (d) the *encouragement* of permanent local and national associational work calculated to effect a higher standard of business in office and field; (e) the endorsement of the great insurance press which has done so much for the business during the past thirty years—with a hint or two; (f) the *inauguration* of a comprehensive and systematic plan of publicity through the secular press—and many others.

But greater than all these splendid results from this World's Insurance Congress will be the *dignifying* of the business we love before the eyes of the world. Already in the hearts of thousands engaged in life underwriting it is affectionately enshrined. Educational work is going on. Publicity—the citizen's schoolmaster—is attaching great value to items of news not only for information but for training. One cannot read the weekly records of settlements of death claims without having his heart burn within him. Other items quicken the pulse and excite the admiration of the *great common people*. And when the important questions briefly touched upon above are *considered*, conclusions *reached* and the public *advised*, how resplendent will be the effect! Like a great incandescent light of millions of candle power, its effulgence will illumine the whole world.

So! Let every life underwriter everywhere read about this Congress, talk about this Congress, and work for this Congress until the bell rings the curtain down on the last act. Interest is what we want—earnestness is what we want—enthusiasm is what we want! Plan to attend the sessions. Offer suggestions at any and all times. The community of our interests should stir every solicitor, every manager, every official to the very depths of his

being, and find its expression in the heartiest endorsement of this movement. Let it be said that the exponents of life underwriting—than which there is no greater branch of insurance—are not derelict or dilatory in discharging their duty to make this gathering both inspiring and fruitful. Sound the tocsin; let the clans gather; arm yourselves to fight ignorance, bigotry and indifference to the last ditch. We shall write history. We shall touch the springs of action in human hearts. And as the years hasten on space we shall know that we have done our share to make our business better, nobler, purer, greater.

POLICYHOLDERS BURDENED BY TAXES *

BY EDWARD A. WOODS

Vice President, The National Association of Life Underwriters

Perhaps one effect of this world-wide insurance Congress will be to bring home to the people at large what insurance really is—that it is not primarily or principally, and in life insurance perhaps least of any form, a private institution for private gain. It is really a gigantic, public service, public welfare institution. Insurance of all kinds is merely an organization for distributing a loss by common contributions of all.

One of the effects of the gigantic growth of corporations is that they are composed of so many people, many things that concern each are not considered as affecting the individual members. Such, for example, is the question of taxation of insurance policyholders. If every one in the United States who remitted a premium for life insurance sent \$2 to some tax collector on each \$100 of premiums, there would be such an outcry about the taxation of life insurance as could not be withstood by our taxing authorities. Yet, as a matter of fact, more than this *does* go for taxes throughout the United States for each \$100 of premiums paid.

With the growth of this gigantic institution, the individual seems so infinitesimal a part of the whole and he seems so remote from the organization that his being affected is forgotten. If a tax were imposed on a partnership of two persons, of course both would know it and they would present every argument they could think of, if the tax was unfair, why it should not be levied. Similarly, if a small corporation were taxed so that every stockholder and officer could be communicated with and knew just how it affected his profits, they would resist it strenuously. But when it comes to taxing a railroad company, the steel corporation, or a body of life insurance policyholders, the difficulty is to make each policyholder understand that it affects him directly just as much

* An article prepared for distribution by the Commission in charge of the World's Insurance Congress Events.

as if the organization consisted of three or four members instead of as many hundred thousand.

Unfortunately, years ago life insurance companies were not always conducted in a way that showed they were being managed for the policyholders' interests. Further, the taxation question was handled by the "Black Horse Cavalry" method and did not educate the policyholder to understand that he was affected. This must be overcome and lived down. The days of fighting taxation in this way will never return, and every real friend of insurance is glad they will not. But in the absence of these wrong methods, the enlightened opinion of policyholders must be aroused to the fact that *they* are the insurance company; that they own the securities, including railroad bonds, and all the assets of the company; that any increased expense, any loss, any tax imposed upon the insurance company comes right out of their pockets. It is safe to say that all officers of life insurance companies realize now, perhaps more than at any other time, that the governments of our various States, and even of the Nation, will insist that insurance companies are public service institutions and must be run for the benefit of policyholders, who must be primarily considered. But the policyholder also must be made to feel this; and the more he considers the far-reaching effect of life insurance as an institution in equalizing losses, in promoting thrift, in averting dependency, in combating disease, in adding stability to the entire fabric of society, the more will he be interested in everything that adversely affects him and the more possible will it be to reduce taxation to a reasonable amount and at least place America on the basis of foreign countries; for it cannot be too often repeated that America is the *only country of the world* that so taxes life insurance. While it is favored by every other nation, even nations noted for heavy taxation, America is the one country that imposes an enormous tax upon gross premiums paid by policyholders in almost every State.

Further, when policyholders of old line companies understand that fraternal organizations and assessment companies are not taxed—which is as it should be—they will resent scientific old line life insurance being picked upon for such a taxation burden as \$13,000,000 a year. Fraternal orders resist and successfully resist taxation because each member knows that it affects him and he is "on the job" at once if any tax measure is proposed and it is readily defeated. When the 25,000,000 policyholders of regular companies understand the same thing, it will be just as difficult—if not more so, because of their large numbers—to have legislation passed in their various States adversely affecting them.

A congress bringing insurance as an institution prominently before the people of the United States will further this appreciation of what life insurance is—not a private enterprise conducted for profit, but the most gigantic public service institution in the world, comprising more people in its benefits than all other finan-

cial interests put together for the protection of the home, for provision for old age, for the reduction of dependents, and for the stability, prosperity and peace of all society.

EXCESSIVE WASTE OF HUMAN LIFE *

By E. E. RITTENHOUSE

President, The Life Extension Institute, Inc.

How many people realize the extent of the loss of money and of human life in this country from preventable diseases?

The officials of the World's Insurance Congress and the Panama-Pacific International Exposition have performed a real public service by including in their program a plan for the public discussion of this vital problem—the conservation of health and life.

The American people—especially those of San Francisco—are quite familiar with the meaning of the word “fire-waste,” but they are not so conscious of the significance of the word “life-waste.”

The annual loss in the United States, due to fire-waste, has been estimated at 250 million dollars. This is a vast sum, but the annual economic loss from preventable deaths is placed at 1,500 million, or six times greater than the fire loss. This is a very conservative estimate; the actual financial loss from preventable deaths is doubtless much higher than this.

It is true that the American people are gradually becoming aroused to the need of checking the needless destruction of life as well as of property, but they still place the value of property far above that of human life. For instance: our municipalities spend approximately \$1.65 per capita to prevent fire loss, and but 33 cents per capita in public health service.

During the past ten years, over six million people have died in the United States from preventable diseases. Over 27,000 of this number died in San Francisco. Of the conservative Fisher basis of estimate, these deaths have caused San Francisco a loss of nearly sixty-five million dollars during the past ten years.

But this is a trifling matter compared to the human misery, in the form of physical suffering, sorrow, poverty, immorality and crime, which have resulted from this needless sickness and these premature deaths.

Why should the life insurance companies be interested in this subject? The answer is: First—because these companies have over 25 million policyholders carrying over 20 billion dollars of insurance, which is more than six times the circulating medium of the country. This is more life insurance than is carried by all

* This is one of a series of articles that were written by various men for distribution by this Commission.

the rest of the people in the world combined. The American showing such extraordinary confidence in the institution and in the management of life insurance, it follows that the managements of these companies have a certain amount of influence over these people, and that this power should be used in every legitimate way to promote the welfare of these people and of the public generally.

During the years the life insurance companies have given the great nation-wide movement for the conservation of life their moral support, they have now nearly all come to recognize that a life conservation campaign among policyholders is a proper function for life insurance companies, and six or eight of them have made appropriations to carry on this work.

While there is an altruistic side of this work, it is purely a business matter with the life insurance companies. At least 30 per cent of the deaths among policyholders are from preventable or postponable diseases, and yet the savings from the funds provided for mortality (on the net amount of risk) in 100 of the more important companies during the year 1913 was over 44 million dollars.

Virtually all of this money goes into the surplus from which dividends are returned to policyholders, and it therefore operates to reduce the cost of life insurance. If it is worth while to save this much for the policyholders from the funds set aside for annual mortality, it is worth while to save more, and it is obvious that more can be saved by a reduction in the death rate from these preventable diseases among policyholders.

The life insurance companies who engage in this life-saving program are not only reducing the cost of life insurance to their patrons and increasing the comfort and happiness of thousands of people who are thus saved from sickness and premature death, but they are rendering a great service to the people at large.

The influence of their health educational work extends to the general public and assists in stimulating interest, not only of the individual in the care of his health, but of the general public in the support of the public health service. The life, accident and health insurance companies are now performing a most valuable public service, and it is to their interest as well as to that of the people generally that they should use every atom of their power and influence to spread knowledge of healthful living and of the science of disease prevention generally.

The World's Insurance Congress will give these companies a chance to contribute to the public understanding of this subject, and to demonstrate to the public that they are keenly alive to their duties and responsibilities in enlarging their service to humanity whenever opportunity offers.

THE SOCIAL PROGRAM OF PRESENT DAY LIFE INSURANCE *

AS DISPLAYED BY THE WELFARE EXHIBIT
OF THE METROPOLITAN LIFE INSURANCE COMPANY
AT THE PANAMA-PACIFIC INTERNATIONAL EXPOSITION

Insurance has undergone a significant change in recent years to which the World's Insurance Congress of 1915 should give definite form and expression. In whatever field of insurance, whether fire, casualty, or life, it is becoming clear that the function of insurance is a larger one than originally conceived. It is not its purpose merely to minimize burdens by distributing losses, but also to prevent the losses which insurance is created to compensate.

In fire insurance this policy has resulted in campaigns for fire prevention through the development of sprinkler systems, fire patrols and building inspection, the training of fire departments in greater efficiency and in other activities which have greatly reduced fire losses. In casualty insurance the same thought has brought about important developments in factory supervision, creating the "Safety First" movement and perfecting the new science of safety engineering which is cutting down disabling accidents to a remarkable degree. Finally, in life insurance, we are more and more realizing that the companies must attempt to prolong life as well as to pay claims. In the association of policyholders of all kinds there is a tremendous force arising from the very fact of association of large numbers which can and should be utilized for the greatest public good.

The World's Insurance Congress can do no greater service than to crystallize and popularize this idea of conservation as the keynote and corollary to insurance. European countries have long appreciated this, but have applied their efforts mainly to the safeguarding of property and, to a less degree, through the agency of their social insurance institutions, to the control of accidents and disease. In America, on the other hand, the interest of insurance executives has been aroused especially to the possibilities of saving human life through the inauguration of visiting nursing, periodical medical examinations of policyholders, campaigns of health education and like activities. In this respect, American companies have laid splendid foundations and are cutting out for themselves most promising lines of future accomplishment.

We, in America, can therefore teach as well as learn by consulting with our European confrères in the matter of life and property conservation. Advances in insurance are likely to follow fast in the train of the World's Insurance Congress. Workmen's

* Issued under the auspices of the Commission in charge of the World's Insurance Congress Events.

compensation insurance to cover industrial accidents has developed in the United States in less than five years. The next few years may very well bring with them extensions into other forms of workmen's insurance to cover sickness, old age, and involuntary unemployment. Ordinary business foresight, if no more, will dictate the need for a careful examination by American underwriters of the experience of the European systems, whether State or private in nature, with a view to gauging the field for similar enterprise in America. It is the special virtue of these forms of social insurance that they lend themselves admirably to beneficent policies of accident prevention and the reduction of sickness, disability and premature death.

The Metropolitan Life Insurance Company has felt that its own contribution to the World's Insurance Congress and to the Panama-Pacific International Exposition connected therewith would be most useful if limited to an exhibit of what it has accomplished along the lines of life conservation work, considering that it has carried its program to a point probably beyond that of any other organization in America. The exhibit of the Company, therefore, emphasizes especially the welfare work which it has developed for its policyholders. The exhibit also includes the program of welfare work for employees. It is hoped that this will serve as an example and encouragement to other employers of labor and help at once to connect a worthy social effort favorably with the insurance business.

The exhibit is placed to advantage in the Palace of Mines, where it occupies about 2,000 square feet of floor space. The booth to house the exhibit has been planned by a skilful architect, and will attract attention through the artistic use of light, color and form. The Metropolitan towers are the keynote of the exterior design, and help to support a roof of cathedral glass.

In the interior the back and side walls are covered with eighteen illustrated charts and fifty colored transparencies, which describe in detail the various phases of the Company's welfare work. The charts, three by five feet each, are prepared in poster form in three colors. One section describes the Visiting Nurse Service, the Health and Happiness League, the publications on health topics, and the other health and social activities which the Company has inaugurated for its policyholders. Another section describes the Company's welfare work for employees. These charts include the luncheon service for employees in the home office, educational activities, tuberculosis sanatorium at Mt. McGregor, New York, the staff savings fund, and other features.

The transparencies are large colored photographs on glass, and are the best of a notable collection of pictures received at the home office. They illustrate different phases of the Company's welfare work. These transparencies form a cornice immediately above the charts on the three walls and add much to the attractiveness of the exhibit.

A number of interesting models are placed in the booth. One in the form of a relief map shows the location of the Company's eighteen hundred nursing centers in the towns and cities of the United States and Canada. These have been popularly called "Metropolitan Life-saving Stations." An exact reproduction of the Company's sanatorium at Mt. McGregor, New York, for the use of its tubercular employees is displayed. This model depicts in detail the many buildings that dot the 415 acre tract in the Adirondack foothills.

Two large floor cabinets present graphic charts giving the statistics of the Company's nursing service and mortality experience. One series of charts points out especially the principal causes of death of the Company's policyholders; another shows the death rates of persons engaged in certain hazardous occupations. The Company hopes through this means to arouse a sound public opinion in favor of safeguarding workers in certain occupations, in order to reduce preventable accidents, diseases and deaths.

A large rest room has been reserved for visitors at one end of the exhibit. This room has been tastefully decorated and comfortably furnished. Writing desks and stationery afford facilities for writing letters, and other conveniences will be offered to visitors.

Qualified representatives of the Company, including one of its nursing staff, are present at all times to answer questions on the welfare work of the Company and to distribute the Company's extensive and helpful literature on personal and civic hygiene.

AMERICA'S PRESSING MORTALITY PROBLEM *

BY E. E. RITTENHOUSE

Chairman, Health Conservation Committee, World's Insurance Congress

There are now approximately 410,000 deaths annually in the United States from organic diseases of the kidneys and urinary system and of the heart and circulatory system.

I feel I am safe in saying that 80 per cent of these deaths could be postponed indefinitely if we would teach these people personal hygiene—how to guard against these afflictions, and to encourage periodic health examinations.

Statistics show the alarming increase of 41 per cent in 20 years in organic mortality in the United States. In Europe, on the other hand, organic mortality shows a downward tendency.

Can we afford to ignore these facts any longer? It means a decline in the power of resistance of the American people. It is, moreover, due to causes local to our own country, as European countries show no such trend.

* This is one of a series of articles which were written by various men of the United States for distribution by this Commission.

Various ideas are advanced as the cause of this condition, such as alcohol, tobacco, drugs, diseases of vice, and the "melting pot" process, by which is meant the assimilation of the foreign element into our working class.

Another alleged cause is excessive life strain, due to changed modes of living brought about by increased comforts and luxuries. Our people show a marked decline in physical activity, caused no doubt by the greater number of occupations of a sedentary nature. It is a deplorable fact that Americans are always searching for physical ease—hence the popularity of the chair, the trolley and the elevator.

Logical as these various alleged causes may seem, I think the real cause is a lack of adjustment to these changed modes of living. The diet of the average business man is not compatible with the physical exertion he undergoes in the pursuit of his daily routine of work.

What, then, is the solution of this situation? First—I would suggest, healthful living. By this, I mean a regulation of diet to conform with the amount of exercise our average business man takes. Hand in hand with healthful living comes individual hygiene. Every one should be taught the care of the body and its organs. The public should learn how to guard against needless sickness and premature death. I cannot urge too strongly the advisability of periodic health examinations, for often if the presence of trouble be detected, it can be checked or eradicated before it gets beyond control.

Here it seems reasonable to expect the State to aid. It has already taught public sanitation so effectively that death from communicable diseases has decreased nearly 50 per cent in 30 years. If the State considers it worth while to save a life from the ravages of smallpox or tuberculosis, why should it not also fight organic disease?

The World's Insurance Congress is an important factor in assisting in this fight against organic mortality in that it will aid in promulgating information to the public in regard to the rules for correct living.

POSSIBILITIES OF THE WORLD'S INSURANCE CON- GRESS IANAMA-PACIFIC INTERNATIONAL EXPOSITION

BY W. S. DIGGS

President, The Insurance Federation of Ohio

Having a vital interest in the Federation movement, which has for its purpose the fraternizing and welding of insurance men

and insurance interests of every class and kind, including the assured, into a great coöperative body, I naturally am very deeply interested in the international movement known as "The World's Insurance Congress."

A world-wide movement of this character can fittingly center all of its activities in the great commercial metropolis of the west, San Francisco, so recently rebuilt by insurance funds, sent in from all over the world, to the amount of over two hundred millions of dollars. In fact, there has been no more forceful and convincing demonstration of the soundness of insurance underwriting than the San Francisco conflagration. It is incumbent upon the insurance men of the whole country to make the World's Insurance Congress in every way worthy of the event it celebrates—the greatest known engineering and industrial achievement—the completion of the Panama Canal.

Necessarily, the forming of this Congress is and will continue to be a constructive movement of international importance, a great forward step, broadening and extending our vision in insurance affairs. All of the events incident to the World's Insurance Congress will have a vitalizing and toning influence, to the end that a larger development, a better understanding and a closer bond of sympathy may exist between the men composing the army of benefactors engaged in providing protection to life and property through a system known as "Insurance Underwriting."

There are a number of things of vital importance to the insuring public, as well as to the insurance fraternity, which, if unchecked, will prove a far-reaching menace.

I refer, first, to the growing tendency, on the part of the State and Nation, to burden the different branches of insurance with excessive fees and taxes, including the taxing of life insurance reserves.

State rate-making, through the enactment of law, instead of by actual experience and merit rating, is deeply deplored. A notable example is in the fire insurance business, which has been such a signal failure in both States of Missouri and Kentucky.

The tendency toward paternalism, with insurance as its first experiment, has assumed surprising proportions in different sections of the country. State insurance, both competitive and monopolistic, now in operation in several States, is its legitimate and shameful offspring.

The Treasury Department of the Federal Government at Washington is insisting on the passage of the Byrnes and Moon Bills, the first with a view to establishing a Fidelity division for the bonding of Federal employees in the Treasury Department, and the second to create a guarantee fund for the bonding of postal and other employees.

Finally—the all important question, in view of the foregoing, is upon us: Shall the States and the Government at Washington compete with their own citizens, whom they tax for support, in

the opportunities for a livelihood offered for the insurance business?

I believe the larger questions, some of which are enumerated above, and the more serious problems confronting and, in some cases, even threatening the whole structure of underwriting, can only be solved and for good, through intelligent unity of action, forming a solid front and taking a fearless stand along the firing line like men of courage and conviction. Shall we stand supinely by and see our business demoralized, and eventually destroyed? Such a defensive movement should embrace every insurance activity, with no diverse opinions on the main issues. The consequent oneness of thought and general coöperation would spread the gospel of sound underwriting, of honest protection honestly sold, throughout the civilized world, including every city, town and hamlet, reaching to a very large degree, the army of insurers. A new song of confidence and security would come from the lips of the insurance man in the knowledge that his chosen profession will not be invaded by the well-meaning but misguided law makers, that insurance will no longer be a political football and the stepping-stone for the self-seeking politician.

The World's Insurance Congress should also furnish the opportunity for launching a campaign in the interest of uniform laws affecting every line of insurance. There is an enormous annual waste of money and effort which could be remedied in this way.

Last year nearly twenty millions of dollars were collected by the insurance departments of the various States, whereas it took much less than two millions to support all of those departments. In other words, more than eighteen millions were collected in excess of the need and purpose for which the fund was created. The fruits of this form of legalized robbery increase annually. Is it not time to call a halt on this outrageous system?

The experience of the writer in organization work has been limited very largely to Ohio and neighboring States; therefore, the question of National, or Federal supervision has not been an issue in the Federation movement. However, I have some personal convictions on the subject, especially in view of the decision of the United States Supreme Court in the Kansas case. It would seem that National or Federal supervision, if you please, whether through the medium of an amendment to the Federal Constitution or otherwise, is the only avenue for relief. It would eliminate the present undesirable and unwieldy system of each of the forty-eight States, and a like number of insurance commissioners, becoming a regulating and rate-making power with such poorly directed supervision as naturally grows out of a limited knowledge of the business. Fire insurance companies have been somewhat indifferent on the subject and will probably be the last to lend the movement their general support. It is to be expected also that the various States will not willingly abandon their right to tax and regulate the business of insurance.

All of the big questions affecting underwriting are applicable in the main to every kind of insurance, and are national in importance and scope. The United States has one strong centralized Government, made up of forty-eight component parts called States. As our country has grown, as our Government has developed, and as our industrial fabric is growing, the business of underwriting has also grown and developed until, with leaps and bounds, it has spread throughout all civilization with the result that we now spend nearly two billion annually for insurance protection. In financial importance, the business of insurance underwriting is second only to the great railway systems of the country. In every other respect, it is first. Insurance is co-extensive with progress, thrift and civilization. It was a small business a century or even a half century ago, but it is a great and mighty business to-day, indescribably so in its importance and scope.

Not only is our form of Government on the centralized, coöperative plan, but the best interests of our business demand that we, too, operate on the same successful basis. The great development of the country, through the inventive genius of its citizenship, has eliminated both time and space, so to speak, and this has had a centralizing and consolidating influence. It has fixed a great unit of activity and power for all commercial life. The Nation has become the unit in importance as against the State, and second to the Nation is the municipality.

Uniform laws for the control and regulation of all interstate transactions may, upon first thought, seem like a dream. In considering it, however, we concede at once that with forty-eight different States, with as many different forms of laws and State regulation, with the individual ideals and conflicting opinions of four dozen different insurance commissioners, although in most instances, honest and often efficient, with the outrageous burden of taxation, amounting to extortion, the indescribable duplication of effort and machinery, both by the State and the companies, form a crazy-quilt, a miserable piece of patchwork, expensive and inefficient. It is wholly unsatisfactory to all students of insurance conditions and a sad commentary on an otherwise wonderful history of a great business.

Insurance, therefore, is not only interstate in its operation and importance, but international, as shown by the fact that about sixty millions of the money paid to rebuild San Francisco came from foreign companies. To me it seems inevitable that any satisfactory and effective regulation of our business concerns, including insurance, having interstate or both interstate and international dealings, must ultimately come through uniform laws. This will not come in a day or through a single effort; it will require a spirit of coöperation that will excite the admiration, approval and support of the army of insurance buyers. You may call it National supervision or Federal control, if you like—"A rose by any other name would smell as sweet."

The dauntless courage of Mr. Darwin P. Kingsley, President of the New York Life Insurance Company, his fearless and forceful advocacy of Federal control, can but arouse the admiration of all well informed men, whether they agree with him or not. The World's Insurance Congress will no doubt give this weighty subject full consideration.

A Publicity Bureau, national in its character, representing every branch of insurance activity, should be one of the natural outgrowths of the World's Insurance Congress. We need to have the inspiring facts concerning the business of insurance constantly before the public. No newspaper should come from the press without some good, wholesome insurance news for its readers. At the beginning of each day throughout all the land the glad tidings of good insurance and what it means to the home and to business, should reach the entire public through the medium of the morning press. It would correct the incorrect and damaging news, and in removing the cause, when it exists, for just criticism. No false or damaging statement need go unchallenged, and as a result, few such statements would appear in print. Publicity would be the strongest medium we could employ in support of National uniform laws and final Federal supervision.

A paper of this character would be wholly incomplete without expressing enthusiastic appreciation of the fire prevention movement. We believe that the great work already accomplished and under way all over the country will be greatly augmented by the Congress. Every effort, requirement, apparatus, device and equipment, improving the hazard and lessening the enormous fire waste no doubt will receive the emphatic stamp of approval of the World's Insurance Congress.

Since insurance has become the basis of all material progress and prosperity, it is important that the business should know exactly how to conduct itself, how it can permanently expand, develop and grow, without the burden of over-taxation and the constant danger of prosecution for law violations. Insurance should be anchored, as steadfast as the very hills, through sane and uniform National laws and regulation.

In a way, underwriting is floundering and groping around the best it can, subject as it has been to the personal judgment and often to "strong armed" methods of single individuals, State officers with only temporary authority, who have probably secured political preferment by using our business as an issue in their campaigns for election.

The question is thus raised, and confronts all wide-awake insurance men: Shall insurance continue to be legitimate prey for the uninformed who may happen to be in power? The brain and brawn of our business must come to the front, supported by the combined insurance influence of the country, and courageously meet and solve the important problems affecting underwriting, through uniform National laws and supervision. In this way, we

can call a halt and demand justice, yes, see to it that our business be given a "square deal" and removed from State politics, as well as divorced from the State and ward politician. I believe we could accomplish what now seems impossible, dispose of one great menace to our business, the rebater. That alone would almost justify the existence of the Congress. The already live issue of agency qualifications, and the preservations of the great agency system, seemingly threatened, could be worked out on a safe and permanent basis.

That the powerful and far-reaching insurance interests of the country need regulation, there can be no question. The Government only can administer just and effective control and supervision of their extensive operations. Insurance will welcome it.

Inspired by the success of the World's Insurance Congress, interesting, as it will, every branch of insurance and its allied interests in a larger view of underwriting, the things heretofore considered in this paper as highly desirable can be brought about through organization and coöperation. One of the dangers, however, to our business at this time is a tendency toward over-organization. If the smaller cities, towns and rural districts are to be interested in a nation-wide movement, it must be through one great powerful organization with branches in every State and important county, as the expense of many organizations is too great for the average agent and the confusion growing out of it is inevitable and far-reaching, indeed almost unbelievable, yet well known to those engaged in organization work.

Americans have a genius for organization which is the spirit of progress and the World's Insurance Congress will teach and demonstrate its incalculable value. It is organization, however, vitalized by the amalgamation of efforts and by the most sympathetic coöperation, which is powerful and significant in the business world. Competition may have been the life of trade at one time, but it is no longer so. This is the day of sane, loyal coöperation. Our future does not lie behind us. Let us abandon the defensive attitude and adopt the constructive course.

The fixed proportions and ratios outlined by the skilled architect must be honored by the builder if he would succeed. In music the individual notes are worse than meaningless if not combined in accordance with the rules of harmony into a melodious theme. So we may say, that by standing alone, the individual is weakened and that the organization made up of such men is a useless thing, a meaningless discord unless the individual efforts be combined through coöperation into a harmonious whole. Such earnest coöperation is undeniably the potent advance agent of success. The lack of it among insurance men to a large degree, demoralizes and dissipates. Unorganized we go about like "a rope of sand," breaking here and there, making our efforts futile.

We may organize until doomsday on the most acceptable and approved plan, but if we do not coöperate the organization amounts

to nothing. A business may be launched with abundant capital, manned by the ablest and most skilled officers and directors, with general conditions the very best, and yet without coöperation, strong and enthusiastic, the business would be either a failure or a sad, indifferent success. This is an age of coöperation, it is the law of life and growth, and men and institutions cease to thrive without it.

The strength of unity is indisputable, whereas nothing can do more to retard the progress of a business or to write failure into the history of a movement than lack of organization and coöperation.

The reasons for lack of coöperation are twofold; one is that men are often too limited in their vision to agree on what is best to be done. They miss the "main Chance" while quibbling over small differences. The other is that selfish motives deceive men who are self-centered into thinking they can succeed better alone. Some men really enjoy the delusion. A dispassionate, frank exchange of views and ideas will correct the first. The recognition that the great common good of all is the real good of an individual, and that it is far greater than any good he can hope to obtain for himself, will overcome the second. We cannot brush aside the inexorable law of inter-dependence. It has become fundamental in all business life. He, who lives for and to himself bars progress out, shuts out the world and shuts himself in.

Let us reach out and catch the vision of true success, and the willingness to take the steps which will lead to it, even to the extent of self-effacement, which is not always pleasant to contemplate. Temporary success should be set aside for permanent growth. Why totter alone almost "to the fall" when we can marshal our separate forces for the great strength and power growing out of real coöperation and soar with the strength of the eagle? In so doing the rich reward of success will be inevitable.

Coöperation in its final analysis binds men into a fraternity for service, which always makes for success of the highest type and quality, and for length and strength of days.

The idea of a great National brotherhood, including every factor and form of underwriting, welded into a vast organization, should be an accomplished fact. This to me is no idle dream and should be one of the inevitable results of the World's Insurance Congress.

The great business of insurance underwriting, wherever transacted, in this and other lands, will see the dawn of a new day in the World's Insurance Congress.

SAFETY FIRST MOVEMENT OF THE WORLD'S
INSURANCE CONGRESS *

BY C. H. BOYER

Manager, Casualty Department, National Life Insurance Co.
of the United States of America

I desire to give strong endorsement to the World's Insurance Congress. I do not recall anything in the history of insurance and publicity of greater importance than the establishment, through the initiative of Commissioner Hathaway, of this Congress, with all its splendid possibilities.

A matter of supreme importance at the present time is the movement for accident prevention. The "Safety First" idea has had wonderful growth of late, and is impressing itself upon men's minds everywhere. There is a marked difference between preventing a calamity and paying indemnity. In years past, accidents, sickness, death, fire and other disasters were too often regarded as acts of Providence, to be borne with Christian fortitude, but not to be guarded against by systematic efforts. Every man lived more within his own circle, answerable to himself and not so much to society, subject to individual rather than society hazard. The danger of public calamity was not so great, and systematic plans to avert it were rare.

With increasing complexity of social and community life, with multiplicity of machines for manufacturing and means of rapid transportation, with the development of electrical science, with the invention of new types of engines, and all the other conditions arising from our modern life, there has gradually come a realization that the community must protect its members against increasing dangers. The old rule of the road when every man drove his own team through country lanes or city streets was simply that each should turn his team to the right or left and give half the road to a passing vehicle. So the workman in a shop was simply supposed to take care of his little machine or his little corner of the workroom, and avoid accidents to himself from any careless act of his own.

Now, however, with the immense traffic of our city streets and the vast number and variety of vehicles in use, it has become necessary to enact strict traffic ordinances and keep traffic directors on crowded corners, with the single duty of enforcing rules and preventing accidents. So in the factory, with its many complicated engines and machines and its electrical contrivances, it has been found necessary to formulate and enforce the strictest rules for the safety of each operator and his fellow-workmen. The

* An article prepared for distribution by the Commission in charge of the World's Insurance Congress Events.

same care resulting from increasing complexity, is shown in rules quarantining diseases and ordinances governing the class of buildings to be erected in restricted districts.

It is unfortunate but nevertheless true, that much of this necessity for extraordinary care has been taught us by calamity. It is questionable whether many great movements in this direction would have been made if they had not been compelled by accidents. Even workmen would have continued careless and without due regard for the safety of their fellows, but for these calamities; and it is certain that manufacturers would not have added preventive methods to their heavy expense account if accidents and resultant damages had not shown the necessity for it.

I think a great deal of this carelessness in the public attitude toward prevention of calamity has been due to the ease with which the damages can be escaped by the individual. It has been so easy for indemnity against disasters to be purchased from legal practitioners or insurance companies or other sources, that the heads of great enterprises have felt inclined rather to purchase such indemnity than to prevent the calamities themselves. The public mind has been confused as to the real issues, especially as they affect insurance companies. Instead of regarding an accident or a fire or even a death as a total loss, people have looked upon the insurance payment as meeting the financial loss instead of distributing it.

So long as this view prevailed it was easy for men to neglect giving proper heed to prevention. Safety devices were regarded as too expensive, and many manufacturers and transportation companies deliberately took the chance of damages and accidents in preference to expending money for prevention. As calamities increased, there was a change of attitude; and now the manufacturers are seeking safety devices and are willing to pay their cost for humanitarian and material reasons.

The insurance companies have been a little slow in entering into this prevention movement, probably because of a timidity or a fear of public misunderstanding. I would not wish to assume for a moment that the companies are opposed to the "Safety First" idea. I think they have mistrusted public opinion and have been in doubt as well regarding their responsibility.

Of recent years, however, the companies have grown into the belief that it is not only proper but advisable for them to take an active interest in the movement. While purely selfish reasons may be, and doubtless are, imputed to them, they know that the broad benefits of their work will become apparent, and a philanthropic as well as a selfish motive will justly be attributed. Hence they have overcome the old timidity and are among the most active in the propaganda. Out of this have arisen the movements of individual companies and associations of companies for fire prevention, life extension, health conservation, and accident prevention.

It seems strange that at this late date and in view of the wide

spread interest taken in their splendid movements, a purely selfish motive should be imputed to the insurance companies for their participation. It seems strange that the people, in whose interest this movement really is, should in any way antagonize or discourage it simply because they think the companies receive a direct benefit. It seems absurd that any man should object to following rules for prolonging his own life, because he may have to pay a few more premiums to the life insurance company before his beneficiary receives the death benefit; or that a man should be careless of his own property, because on account of this care he will avoid a fire and fail to collect indemnity; or that he should object to safe-guarding himself from accident or disease, because the health and accident company will have premium payments increased and indemnity payments reduced. The broad principle of the value of life and time and health should prevail here, and not be obscured by the smaller considerations.

Then again it will naturally follow, as adjustment of premium payments to loss payments continues, that the rates of premiums will be reduced by the very care exercised. And this benefit will accrue to the insured rather than to the stockholders of the companies. Hence the financial objection which is sometimes raised even at this late date is stripped of all force when the facts in the case are properly presented to the public.

I think one of the greatest opportunities of the World's Insurance Congress is in this direction. The millions who will view the various exhibits of the Panama-Pacific International Exposition will be attracted by many strikingly graphic displays of safety devices. Not only the interest of the mechanic but a large human interest will attract the public to such an exhibit. It seems to me that the various casualty companies should find this a splendid and profitable means of bringing these matters prominently to public attention. They would thus accomplish a double purpose, disabusing the public mind of prejudices and justifying the movement toward accident prevention no matter by whom inaugurated or encouraged, and giving wide publicity to it.

Nor should they feel in the least degree modest because of the advantage that companies may get from the movement. The public after all receives the whole benefit. Since the insurance company of whatsoever kind is to all intents and purposes mutual, in the fact that it collects and distributes indemnity funds, any reduction in the amount of indemnity must mean a corresponding reduction in collections. The agencies of collection and distribution are therefore justified by the public interest in using every means to prevent calamity and reduce indemnity.

Accidents of occupation and travel show no signs of diminution. From reports of the Interstate Commerce Commission it appears that nearly 12,000 persons are killed and more than 200,000 persons injured every year on the railroads of the United States. It is impossible to compute the money value of these lives

and of the lost time involved, while the lives themselves are priceless. Yet in the midst of these appalling calamities, certain railroads are able to show that through the operation of safety devices they have avoided fatal and non-fatal accidents during long periods. The late E. H. Harriman offered a prize to the railroad making the best showing in this regard; and it is noteworthy that the Southern Pacific Railway, which has won this prize, shows a record absolutely clear of accidents involving human life and limb. It required large expenditure for block signal systems and other safety appliances to accomplish this result. Yet no one would doubt for a moment that the result more than justified the outlay. Hence the example set by this and other railroads, if properly displayed through the World's Insurance Congress, will doubtless be followed by others.

So with safety appliances employed by manufacturing establishments. Every line of manufacture has its peculiar hazards and its own method of lessening them. Many factories are installing these devices. If through the medium of the Congress and of the insurance companies a full display of all such devices can be had, it will serve as the strongest possible object-lesson to manufacturers who have not yet adopted them.

The companies could in this connection illustrate by actual figures the reduction made on liability and other premiums for such appliances. This would add to the human reason for such contrivances a strong financial reason.

If by this display a considerable number of large manufacturers and transportation systems can be induced to make installation of accident-preventing devices, the Congress will have more than justified its formation in this one item alone. The discussion of such matters is one thing, graphic object-lessons quite another. The end to be sought is the convincing of all interested that safety devices are necessary.

Just how these exhibits can be secured and collected I am not prepared to say. The element of competition may perhaps be used, and it is possible that the offering of medals or other premiums would be an excellent means to secure a display. But it occurs to me that here can be no question as to the desirability of the benefits that will follow from it. Therefore, in their own behalf and in behalf of the public they serve, the insurance companies are not only justified but under obligation to assist some such movement in some practical way. If the toll of human life and human time now taken through preventable accidents is to be decreased, now is the accepted time and the casualty companies are the proper medium for bringing about this much desired result. No better time or opportunity will ever occur than that offered by the World's Insurance Congress.

There are two organizations which I think can well interest themselves in this work, the National Safety Council and the National Board of Fire Underwriters. The first has already done

splendid work in direction of practical suggestions for saving life and property from destruction by accident. Just recently the second has placed its excellent laboratories at the disposal of those interested in this movement. The opportunity thus given to test and prove the efficiency of safety devices marks a very great forward step in the accident prevention movement. It also provides a means of standardizing these various devices which will be of great assistance in the active preparation of exhibits displayed in connection with the World's Insurance Congress.

With the activity of the National Safety Council in accident prevention and the various industrial corporations and accident insurance companies in originating devices, the efficiency of the National Board Laboratories in testing them, and the universal publicity given to these devices and their value through the World's Insurance Congress, there appears no reason why industrial safety should not be made a great feature of the Congress, adding materially to its value, and giving strong impetus to the "Safety First" movement.

OUR FIRE WASTE A NATIONAL DISGRACE *

BY SAM F. WOOLARD

Chairman, Fire Waste Committee of the Trans-Mississippi Commercial Congress; Member of the Fire Prevention Committee of the World's Insurance Congress

The meaning of the World's Insurance Congress should be plain to all, yet, to sum it up in a few words, its object is a general consultation and an exchange of ideas on subjects in which all branches of insurance are alike interested.

My belief is that the one subject of most importance to all insurance people, and of most vital interest to the general public, is conservation along the lines of Fire Prevention and Fire Protection, Accident Prevention and Health Conservation.

"Safety First" must be the watchword of the people of the world if they would lessen the loss of human life, the depletion of our National wealth and of our energies and the undermining of our endurance, all of which are on the increase from a great number of causes brought on by lack of education, and a carelessness and indifference to the rights of others.

Much splendid work is being done along these lines. The medical profession is earnestly seeking to know the "cause" of the disease and its preventives. In fact, millions of dollars are being spent along this line of scientific investigation the world over. All

* An article prepared for distribution by the Commission in charge of the World's Insurance Congress Events.

governments through their greatest minds are seeking the best methods to conserve the natural resources of the country.

The writer's direct interest is in the conservation of life and property from the ravages of the fire fiend. The expression is still trite that "an ounce of prevention is equal to a pound of cure."

"Safety First"—all insurance branches should be deeply interested in fire prevention—the life companies on account of the great loss of life in fires, reaching thousands annually, the accident companies on account of the tens of thousands annually injured by fire, the fire insurance companies on account of the millions of dollars paid in losses annually on account of fire, the general public on account of the enormous drain it is making on the world's reserve, both in men and money.

We are all aware of the fact that there are two causes of fires which destroy property. One is strictly the act of Providence, hence unavoidable by man in so far as the origin is concerned, yet it is within his power to keep the losses within the minimum by adopting all means of fire protection in the way of proper construction and providing the best fire fighting facilities.

The second cause is produced by man's act, either intentional or unintentional, and many authorities believe that ninety per cent of fires can be prevented. We will all agree that preventable fires are a crime because the courts of our land say that the destruction of life and property constitutes a crime. The act of destroying property or taking life has the same effect upon the property or upon the victim whether premeditated or accidental. We should be held responsible in either case, and in many countries the man or woman who through carelessness or premeditation is found guilty is in some way punished. To emphasize this statement, in other words to give you proof as to the laws of some foreign countries and the way they are enforced, I beg to quote an interesting account of a fire in Germany, and the rigid inquiry into the cause and the penalty imposed on those who violated the laws for the safeguarding against fire:

"An American gentleman, living with his family in Berlin, was one morning awakened by the smell of smoke in his apartment, and found that a fire, originating in a room overhead, was eating its way down through the ceiling of his dining-room. The fire was extinguished with a chemical apparatus without any water damage and without needless destruction of walls and furniture, and before the firemen left they had removed every trace of debris and scrubbed the floor in the room in which they had worked.

"Meanwhile a careful investigation was made by officers equipped with note books, not by asking questions of tenants or gossiping with servants, but from personal observation. Next morning the gentleman who had turned in the alarm was sent for and conducted before a fire marshal, or equivalent officer with inquisitorial powers. That he had important engagements elsewhere counted for nothing. Public business never waits on pri-

vate convenience in Prussia. He was asked all sorts of questions which he was able to answer satisfactorily. The fire was known to have originated from a hot lump of coal which had dropped from a laundry stove in the attic and rolled upon an unprotected wooden floor. The tenant showed that the stove was an appointment of the building, provided by the landlord, and that it was neither his duty nor his privilege to change it.

"Then the landlord was called. He showed that he had recently purchased the building, under the usual guaranty that all laws and ordinances had been complied with in construction and appointments; that he had neither set nor moved the stove in question, and that his attention had not been called to any condition involving fire risk. This was not considered quite satisfactory and he was told to await further instructions. Then the builder from whom the landlord purchased was called. He had to admit that he, as builder, was responsible for the setting of the stove as the police had found it, and that he had violated the law in neglecting to provide a suitable metallic hearth, of the required kind and dimensions, between it and the floor. For this he was held culpable.

"The assessment against him began with the estimated cost to the city of responding to the alarm and extinguishing the fire, including the damage to the furniture and property of tenants, and was rounded by an exemplary fine of 500 marks as a reminder that laws are enacted for a purpose, and carry substantial penalties for their violation. The damage to the building was not included in the assessment against the builder. It was held that while the owner had not committed the violation of law which caused the fire, he had been negligent in not discovering and correcting it, and for this reason he should pay for his own repairs and stand charged with a knowledge of his duty in like cases."

Instead of making a hero of the man who has a fire caused from carelessness on his part and passing the hat for his benefit, let the proper punishment follow and we will soon awaken to our manly duty toward public welfare.

Whether a fire is caused by directly and intentionally applying the match or by poor building construction or the careless handling of explosives or the use of other than a safety match, we are responsible to the general public, and it should be considered a moral responsibility even if not amenable to law. Yet it is to be hoped that our laws will cover such cases before the end of many years. The careless leaving of a lamp where it could be kicked over by a cow is the accredited cause of the great Chicago Fire. The careless smoking of a cigarette in bed was the cause of the Cripple Creek, Colorado, conflagration, and the loss of the life of the said cigarette smoker, as well as the loss of the lives of many others, the wrecking of homes and the destroying of millions of dollars in property values.

During the thirty-four years from 1880 to 1913 inclusive, the fire losses paid by the fire insurance companies in the United

States amounted to \$3,054,745,850. In 1913 alone the insurance companies paid a total loss in the United States of \$158,157,414.

While these sums are large, yet they do not begin to cover the total loss to property by fire, because there were millions and millions and still more millions in dollars value of property that burned during those years, on which there was no insurance. Consequently, we have no definite record as to the gross amount of loss by fire, but authorities agree to an estimate of one-third more each year than the amount paid by insurance companies. Each year seems to show an increase over the previous year and the result is that our per capita annual loss is estimated to average more than two dollars for each man, woman and child in the United States, while in Europe the per capita loss is only 30 cents, which is about one-seventh of the appalling amount paid by the people of the United States.

New York has more fires annually than all the capitals of Europe combined. Sometimes it is a good thing to make comparison, and I am going to quote from a report of the Committee on Statistics of The National Board of Fire Underwriters: "Our per capita loss for 1913 amounted to more than two dollars. For the same year, per capita of Austria, 25 cents; England, 33 cents; France, 49 cents; Germany, 29 cents; Ireland, 28 cents; Italy, 25 cents; Norway, 32 cents; Russia, 89 cents; Switzerland, 15 cents; and in the Netherlands, 11 cents. Our per capita losses in a few of the larger cities in 1913 were as follows: New York, \$1.36; Chicago, \$2.25; Philadelphia, \$1.33; Boston, \$5.79; Baltimore, \$1.84; Cleveland, \$1.30; Cincinnati, \$2.71; Detroit, \$2.96; Milwaukee, \$2.35; Minneapolis, \$1.79; New Orleans, \$1.47; Pittsburgh, \$1.28; St. Louis, \$2.38; San Francisco, \$2.27; Washington, \$1.41; Los Angeles, \$3.29; Kansas City, \$4.08." An unknown percentage of our losses are incendiary, consequently we will not hazard a percentage estimate, but the origin from carelessness seems to be pretty satisfactorily agreed upon.

In 1911 the United States and Canada had a fire loss, in value of property destroyed, of \$234,377,250, and the United States Geological Survey, in its report as to causes, estimated that fully fifty per cent of these fires originated through pure carelessness, hence half that enormous sum could have been saved to general circulation through business channels, by a reasonable amount of care, instead of an unreasonable amount of carelessness, or I might add, criminal carelessness.

The people must be educated to the necessity of the proper care if we would lessen this drainage on the world's wealth. Every organization and every individual that is working to this end is accomplishing good, and there are numerous organizations working along the lines of Fire Prevention. The world's conference of all interested would result in adopting new arguments and new methods and at the same time give a publicity to the subject that would accomplish more good than we who are directly in touch

with the subject could have dreamed were possible when this campaign started comparatively a few years ago.

Where our people have given the subject conscientious consideration, they have been awakened to the necessity of education along these lines. Foreign countries have more stringent building laws than we have. The question of faulty construction enters in as well as the national carelessness. There is a lack of efficiency in our building codes and a lack of enforcement of those we have. Fireproof roofing should become a national law. Wooden shingles should be absolutely tabooed, and this can be accomplished only by our law makers.

We cannot seem to realize that each time the watch ticks off a second \$8 is consumed by fire. This is \$480 a minute, \$28,000 an hour, and \$691,200 a day.

There is no limit to the good that can be accomplished from a general conference of all interested in the subject, and it is fitting indeed that this conference should be held in a city that can point to the horror of the greatest conflagration of present day history. Every insurance interest should be represented in this conference, also every association organized for the express purpose of reducing the fire waste, and still further, every organization that is for the purpose of helping humanity should be interested and take part in this conference.

In my opinion, through no single source could more be accomplished for good than through the Women's Clubs of the country, and it is to be sincerely hoped that they will send large delegations to this Congress, as they will be given every recognition. They will reach the home in their efforts along the line of fire prevention work as no other workers could, and we want their counsel and advice.

All selfish interests must be put aside if we would benefit humanity as the opportunity affords. There are none who know all the best methods to adopt in advancing this movement, but in this conference the best from each will be brought forth, and from this "Melting Pot" will come a concrete plan for future work that will set us years ahead in our accomplishments.

YOUR FRIEND—AND MINE *

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Within trumpet call of this great International Exposition stands in living splendor the greatest monument to Insurance that history has ever recorded. At Chicago in 1871, at Boston in 1872, at Baltimore in 1904, as at countless other smaller centers at other times, Fire Insurance has spread its shield over the home-

* Distributed by the Commission in charge of the World's Insurance Congress Events and at the booth of the Collective Insurance and Universal Safety Exhibit at the Panama-Pacific International Exposition.

less and desolated and left the record of its power to protect. At Galveston, Life Insurance was the protector, and when the *Titanic* went down all branches of Insurance were called upon. But in the disaster that came upon San Francisco in 1906, Fire Insurance, Life Insurance and all the other allied sheltering forms of Insurance came to the rescue and replaced in civic glory and strength the destruction of that which had required generations of labor to upbuild.

To the reincarnation of San Francisco, leveled in three days to dust and ashes, Insurance brought within six months the golden tribute of over four hundred million dollars, gathered in remotest places of earth, and bade the stricken city arise, clothe itself anew and continue its splendid career. Of this vast sum fire insurance contributed about \$225,000,000 in losses paid; life insurance contributed more than \$100,000,000 in cash loaned to policyholders and death losses paid, besides lending \$85,000,000 on real estate values; the remainder came from casualty and miscellaneous insurance sources—each doing its share in the measure of the call upon it.

Under the stimulus of this golden elixir San Francisco rose from her ashes, and nine years later is now presenting to the world the spectacle of the Panama-Pacific International Exposition. Not since Lazarus rose from the dead has there been a greater miracle accomplished. After nine years the educational radiance of the whole world shines resplendent where smoke and ruin had darkened the very skies. And Insurance was the sleepless and unwearying force that transmuted ruin into solid substance and beauty.

Insurance is the organized strength of the Brotherhood of Man.

For man's brotherhood is the sharing of burdens, binding up wounds, helping those stricken and sorrowing. This is the whole underlying principle of the outward commercial form of Insurance—a system of business organization that carries the greatest responsibilities and compensations of modern society.

Insurance! We are wont often to view it distrustfully, more often selfishly, as it affects us individually.

We are prone, as by that old instinct of cruel indifference—before the hope of the Brotherhood of Man was spoken on the Mount of Olives—to give no thought to the broad and wholesome service that Insurance renders to mankind, from the humblest cottage to the costliest palace. In storm and fire, in death and disease, in building faith unto integrity, in upholding the hands of the weak and in preserving the strength of the strong—Insurance uniformly assures that the fruits of what you labor to achieve will be secured to you, and to those for whom you have labored, as far as you shall have achieved; that nothing which you may have gained for them shall be lost by any of the accidents that threaten, but that it shall be protected for their use and enjoyment if not for yours.

There are many of us who have felt in the dark hour the touch of its ministering hand. When the home has been laid in ashes Insurance has provided the needed shelter and reared the structure anew. When the property that has been accumulated, great or small, has been destroyed by flames or winds or lightning, it has made good the loss and saved the life-time's labor. When Death has stalked in and laid its icy hand upon the breadwinner, or any of the family, leaving in its path not only sorrow, but the inevitable debt and despair that too often follow that sorrow, then has Life Insurance stepped in and paid the debts and alleviated the despair, leaving sorrow there, alas! but no more than honest sorrow.

It may be less than death—it may be accident—that brings about a condition almost as helpless as death, for a time, if not forever; and Insurance brings its relief, pays for the lost time or minimizes the permanent helplessness. Or, the average man, whose capital is in his hands, his brains, and his capacity to work, may be incapacitated by accident or disease for a few weeks, or perhaps months, the salary or wages meanwhile stopping, but the necessities of himself and his family, too, continuing and increasing under his misfortune. Insurance comes to his aid, continuing part or all of his wages or salary, upholding the independence of the worker and cheering him to quicker recovery and full command of his former strength.

In a thousand ways, and against all the destructive contingencies that assail man's life, his property, his body, his health, and his security against disasters that come every day in well ascertained measure—against all these Insurance is the common, the ready and the strongest protector that human society has ever yet devised.

This is the dream, largely realized, of the Brotherhood of Man.

And realized upon a business foundation of justice, impartiality and adaptability, so that every family can provide for the protection it most needs, in any measure it thinks best, preserving its honest independence and yet bearing its share in protecting others as it is itself protected by others.

But Insurance is more than all this: It is the father and mother of Universal Safety. In indemnifying you and me for pecuniary losses for which it accepted our percentage of a hundred thousand estimated losses as an advance deposit or premium in exchange for its guarantee, it performed only what it agreed to do. Yet that was but the outward and visible form of its vast fundamental service in preventing waste, conserving, saving—Conservation. Attribute it to mere business—the desire for gain—if you will; but the effect none the less enters into the uttermost recesses of all modern social life and depends upon Service.

Go where you will, the length and breadth of the land, you will find evidences of this foundation work of Insurance. It is the link between progress and conservation; it is natural business efficiency

showing men how they can develop the machinery of Commerce with safety.

The modern model factory is developed from the work done by Insurance. The building is erected on plans which insurance experts have demonstrated at least liable to damage in case of fire, and as such are life savers.

The building is protected against fire within by fire extinguishing and preventing devices prescribed by Insurance.

The structure is protected from without against fire being communicated to it—still the result of tabulated insurance experience.

It is situated in a city where the public fire service is operated on principles Insurance has demonstrated to be most efficient.

The machinery in the factory is protected with devices that Insurance suggested to prevent accident. The stairways are wide—the exits safeguarded. Insurance. The air is pure, the surroundings sanitary. Insurance.

Whether or not the master mind which conceived and erected this model structure knows that Insurance performed the service for him, does not affect the proposition. To Insurance is due the credit for the initial impulse.

Always when Insurance suffers loss through some calamity, it sets its brightest minds to work to prevent a recurrence of a similar disaster.

It was discovered that cleanliness meant a reduction in fire loss. Insurance inaugurated the campaigns for cleanliness which also prevents disease and is a natural uplift.

When an elevator falls and causes a loss to Insurance, the fertile minds work to prevent elevators from falling.

A boat sinks; there is loss of life; there are accidents; the cargo is destroyed. Insurance has lost and its agents at once seek the cause and try to provide a remedy.

Every match—the criminal match—is a possible fire which may mean the loss of life. Insurance decries it.

A sane July 4th. Insurance.

Safety First—the Insurance idea. It prevents accidents.

Once we thought plagues and epidemics were inevitable. They are preventable through sanitation—Insurance.

A widespread movement for the Prolongation of Life—Insurance.

Special nursing; sanatorium work—Insurance.

There is not an avenue of social and commercial life in which Insurance does not enter as one of the greatest factors in the World's progress. Its force for good is ceaseless. While it has paid your loss and mine, it has done more—much more; it has taken a part of its due and accrued profit and reinvested it each year in prevention work, thus performing a service the value of which may not even be approximated in mere dollars and cents.

Insurance collects from the many to pay the few who are unfortunate enough to meet the inevitable disasters that become

average disasters by inexorable laws. It exacts from us, in the form known as "premium," a deposit or advance payment, which, when gathered with the deposits of the other ninety-nine thousand nine hundred and ninety-nine, furnish an average experience. Out of these collective deposits or premiums Insurance pays your loss and mine, sets aside a fund called a "reserve" to give us added security and meets the liability assumed under its contract with us; pays the agent who induced us to protect our own interests; gives us knowledge how to prevent accident and prolong life; has our risks inspected, one by one, and points out and has corrected defects that might produce loss; pays its taxes, some just and others unjust; pays its administrative expenses; allows itself a dividend on its capitalized investment, if there is anything left; and passes a balance to (or in years of excessive loss draws from) its accumulated funds that give security and stability to its contracts—assuring its payment of losses, when losses come, no matter how great the calamity.

The whole system of Insurance is based upon the law of averages. So many buildings burn every year; so many accidents take place; there is so much sickness; so many people answer the final call. While the average experience determines the average rate, it is still true that each individual participant in the Society of the Insured can, in a measure, raise or lower the average and so fix his own costs for indemnity. He can be careful and cleanly, live a life in sanitary surroundings and help to minimize losses, prevent accidents, prolong life and so reduce Insurance costs. Insurance is naturally competitive; its costs to you and to me rise and fall in the very measure that the individual standard of each participant measures with the same standard set by the whole.

It must be remembered that Insurance restores nothing that is lost. In principle it means only indemnity for loss. Loss is utter destruction—waste. Prevent loss and you prevent that complete waste which drains the resources of the world; prevent loss and you raise the standard of humanity; prevent loss and you reduce your Insurance cost.

There may be many crudities in the great scheme of Insurance—what plan of mere man is perfect?—but it is changing every day and always for the better. From whatever point it is viewed it is performing, directly and indirectly, the greatest combined commercial and altruistic service known to humanity.

The actuality of the widespread existence of Insurance in the United States in every form is shown in the fact that in the present year nineteen hundred and fifteen there will be voluntary advance deposits made for that service amounting to one billion, five hundred and ninety-one millions of dollars—much more than the whole mighty Federal Government collects from all its taxes and traffic with the world. In this service more than 300,000 agents, lay workers in a great, practical religion, are responsibly

employed—a lesser number than are employed to make the much smaller collections and disbursements of the Federal Government.

This is the edifice of Insurance in the United States alone. It shelters fifty millions of our people directly under its protection and it shelters the other fifty millions indirectly by distributing and minimizing burdens, providing credits and preventing the individual losses that occur from impoverishing those dependent upon its protection for employment and self-support.

The practical daily and hourly service of the Brotherhood of Man is housed in this great edifice of Insurance. Spiritually and morally the soul of man is ministered to by religion; but in these needs of the soul, as well as in the material protection of the body of man, Insurance is the organized and unfailing machinery of beneficence and mutual dependence.

The National voluntary bill for Insurance in the United States the present year has been given, at the lowest, as \$1,591,000,000. All of that vast sum, except the mere expense of collecting and distributing it, goes back directly to those who have lost by misfortune during the year, or for the security of those who will lose the next and following years. This annual bill for all kinds of Insurance can be approximately estimated as follows:

For life insurance	\$ 891,000,000
For fire and marine insurance.....	450,000,000
For casualty and miscellaneous insurance.....	250,000,000

Total annual premiums or advance deposits....\$1,591,000,000

While, for purposes of presenting these figures concretely, the business in all its mighty ramifications has been divided into three groups, each is subject to subdivisions until the whole need of humanity is covered by varied forms devised and carried out by the great stock and mutual organizations of the country—sound and solvent, through Supervision, and as worthy of confidence as the Treasury and good faith of the United States.

Life insurance: this is one of the immediate needs of every family. It comes in a form that meets all requirements—individually or collectively. It may be made to protect mortgages or debts; it can be made to protect partnerships or valuable employees; it will embrace groups of employees; it may be made payable while you live; it will protect your dependents when you die, in a lump sum or installments or as an annuity to protect your old age. It is universal in its application, far-reaching in its benefits. Industrial life insurance alone is carried in thirty millions of policies in the United States. The cost is small and the protection is well known, complete and ready.

Fire and marine insurance: Here we have perils land and sea covered; property losses occasioned by fire, water, lightning, wind and hail—the elements. It is the bulwark of commerce, the basis

of the world's credit. Its ramifications are everywhere, its forms many and varied.

Casualty and miscellaneous insurance: Under this group is embraced the varied forms that enter so keenly into commercial life—accident and health, adjusted for all classes; liability covering the manufacturer or the individual for his legal responsibilities to others; workmen's compensation, the protection of the workers; credit insurance that guarantees your accounts; surety—a bond; fidelity, assuring you against the dishonesty of others; plate glass, offsetting loss from breakage; burglary, theft, automobile liability, steam boiler, elevator, live stock insurance. And there are other forms developed from men's necessities and liability to suffer loss, and there will be still others. Miscellaneous insurance forms are growing rapidly; they are daily becoming more popular and are more nearly meeting the great service for which they were devised.

These all form a part of the Nation's great annual insurance bill of \$1,591,000,000 which is being collected day by day, and distributed for your benefit and mine in proportion as burdens and calamities may fall upon us.

How is this vast amount of \$1,591,000,000 for insurance paid? How does every family of the one hundred millions of population bear its share of the burden while the careless, indifferent or the overrunning lose the benefits of its distribution? If you have not thought of it, it is well that you should know. For, as the service that Insurance seeks to render is universal in its office, it reaches directly or indirectly every one of the population, and directly or indirectly in proportion as he receives its benefits every one bears his share of the burden.

The per capita cost of insurance in the United States is \$15.91 this year, or for the average family of five \$79.55. While that is the per capita and family cost, many, of course, pay much less and many pay much more. But at the very least each family pays the insurance upon what it uses and consumes for the year. Of those families that pay no direct insurance, many lose far more than their insurance bills by suffering losses against which they are not protected. They are as the Foolish Virgins whose lamps were not lighted when the bridegroom approached.

The man who pays his share of the Nation's insurance bill without receiving any benefit in personal protection is manifestly losing one of the great advantages of social organization and is carrying more burden than he should. If you will observe closely you will discover that the best and the ablest business men, the best salaried men and wage-earners, do not make such a mistake. With rare exceptions, that which they own, or which constitutes their working capacity, is always protected by insurance against common and special perils that threaten.

Some thoughtless persons think they have nothing to insure. But every active man has something to insure, for the protection

of which some one of the kinds of insurance has been devised. Let us take for example even the man who imagines he possesses nothing to insure because he owns no pecuniary capital, no accumulated property of value, but yet who by his daily labor supports his wife and three children—the average family group. He may be a skilled artisan or a salaried employee who earns, let it be assumed, one thousand dollars a year. He lives in a rented house, he goes to and from his work on street cars, he purchases all the supplies he requires in small quantities, and needs the service occasionally of the doctor and other members of the business community, who are a little better placed pecuniarily, perhaps, than he is. The owner of the house carries fire and wind-storm insurance for which he pays and the cost of which is added into the rent the tenant pays. The grocer, clothing merchant, furniture man and coal dealer all carry insurance upon their stocks for which they pay and the cost of which is in turn added to the selling price of their wares. The doctor carries physicians' defense, the druggist a liability policy, and all carry life or other insurance, the amount of which is merged into the cost of their living and is charged into their bills for service. The street railway company carries several kinds of protection insurance, the cost of which is entered under the head of operating expenses and is in turn charged into the fare or the transfer privileges of the road.

In every direction in which the head of this little family turns to purchase supplies and service such as the family needs, he finds himself paying, a few cents at a time, the insurance bills of others that have accumulated up to that moment. In this way, at the end of the year, he will have paid his per capita insurance bill of \$15.91, or \$79.55 for the five members of his family. And yet, though he has paid, he has purchased no protection for what he has bought, or for his family. If any of the losses which insurance is intended to protect should fall upon himself, his family, or his goods, he will find he has been gambling with chance, has carried his own insurance and must bear the whole loss. Often the result is that the family is plunged into hardship and poverty, broken up and dispersed, where direct insurance would have come instantly to the rescue and prevented the disaster.

If, without exception, every citizen of the United States insured his life in the measure of his earning capacity and his property to its value, and a tax was made on these premium payments for the purpose of general State revenue, the tax might not then be considered unjust.

It is right that insurance should be taxed for supervision, because supervision is the people's guarantee of security. But when insurance premiums are taxed and turned into general revenue funds to be expended for the benefit of all alike, those who were provident enough to insure pay a tax for the improvident—the uninsured. It is closely estimated that the special tax on deposits of life insurance policyholders alone would buy \$600,000,000 addi-

tional protection. This is unquestionably a conservative estimate, as the total tax paid on all premiums is upward of twenty millions of dollars annually, while the cost of supervising insurance is less than one and one-half millions. In these figures are not included regular taxes upon property, such as we all pay and should pay, but they are in the nature of a special State assessment you pay for the privilege of protecting your life and property.

You, as one insured, are therefore contributing your share of, let us say, eighteen millions annually, just as much of which goes to the practical benefit of your uninsured neighbor as yourself. You are being penalized for your thrift in providing for yourself, in keeping yourself from being a charge on your neighbors because, naturally enough, you pay the cost of the tax in the premium you pay in advance of loss to indemnify you when the loss comes.

Supervision is the great assurance of stable insurance. But there is no justification in taxation of Insurance premiums of a part for the general revenues of all.

The future of Insurance! It is the future of the people of the United States as well as of the inhabitants of all the world. The growth of this many-sided service is the pioneer of the higher civilization. In the past twenty years Insurance has increased fourfold in the United States. It is conceivable that a time may come when the largest majority of the whole population will be directly protected by one or another of its forms.

There are not wanting those who believe that the protection of every one of the population can be secured by some compulsory governmental law that will force the individual to carry direct insurance.

Such a suggestion is fraught with menace. State insurance is inevitably faulty in practical administration as in fundamental theory. For centuries men have sought the ideal in forms of government. As an abstract proposition the philosophers are agreed that a "benevolent despotism" would best promote the welfare of all. As a practical governmental scheme of administration, however, the same philosophers agree that a "benevolent despotism" is an impossibility. The reason is plain. Administrators of government are human and therefore live their brief span and pass on. But government for a nation, or a subdivision of a nation, must be a continuing thing and as free as possible from changes inseparably a part of individual human life.

In other words, government, in order to be stable, must be based upon that immutable foundation of Insurance—the Law of Average.

Only those forms of organization into which men enter of their own conscious free will give any assurance of permanency. The increasing millions of men who are making provision through insurance to protect the varied interests of life and property, co-operate consciously toward a beneficent end. Through the machin-

ery of the commercial forms of insurance—forms in which long experience has developed the highest efficiency—men actually obey the injunction “Bear ye one another’s burdens.”

No one would be foolish enough to contend that the last word has been said in the organization of the commercial forms of insurance. But this fact is indisputable: these forms of organization are so delicately attuned to the interests of men who voluntarily become members of them that they immediately respond when the need for change is apparent and demand is made for greater efficiency. By the simple and almost miraculously effective expedient of withholding their support from incapably managed companies, men may work reforms, as it were, in the twinkling of an eye.

No such efficiency and delicate responsiveness to the demand for change can possibly characterize State socialism as manifested in States insurance. Let it be realized that forms of government, as well as individual tyrants, may be invested with the attributes of despotism. Any proposition to have government do for men those things which they can and should do for themselves inevitably tends to weaken the fiber of the individual citizen. Neither in governments nor in morals can the citizen evade individual responsibility. Every evasion of personal responsibility means a shifting of responsibility and power to another and when the individual so evades responsibility he loses his liberty in that exact degree. Hence it follows that in forms of business, as in forms of government, those forms are most stable and most efficient in which individuals consciously enroll themselves as members.

The very best that government can do for Insurance as a social and business activity is to encourage it with wise protective laws, and to lift the burdens of unnecessary taxation from it. The system itself will work out its own extension to the last point of development.

Before everything, except food, shelter and clothing, Insurance should take its place because it protects all else.

Once the insurance idea is established as a necessity, the great and noble work of loss prevention develops to its maximum efficiency, giving us a race of progressive, healthy, long lived, unmaimed human beings who are conserving the vast resources of the country and logically abating their insurance costs to an absolute minimum.

This is the work ahead of insurance agents and companies—a work of encouragement and evangelization, not the cold and unfeeling enforcement of bureaucratic government.

The great economic force known as Insurance is visualized in the Collective Insurance and Universal Safety Exhibit in the Mines Palace at the Panama-Pacific International Exposition, where some of the important elements entering into its foundation work are emphasized to show the wonderful results being accomplished. To visualize every ramification would require an Exposi-

tion in itself—and in fact this whole Exposition is erected on the Insurance idea. Every late insurance development in fire prevention, safety, sanitation and succor embraced in the Exposition itself is but a part of the underlying principle that makes Insurance such a force. And in the wealth of superior and perfected exhibits displayed throughout the Exposition the same force is manifest.

The booth of the Collective Insurance and Universal Safety Exhibits is designed to entertain and provide for the comfort of policyholders, agents and friends of participants—friends of Insurance—and to make them new friends. It is constructed in a substantial way, without pretense, but to carry out the fundamentals of Insurance in all its branches, linked by the great chain of the social service performed by its agents in the field.

Above the façade of one of the three main entrances is a figure, "The Spirit of Insurance," overcoming the three great dragons of Fire, Accident and Death, and holding aloft the green light of Safety. Along the façade are banners indicating the service performed by Insurance.

Within the exhibit you will find a panorama of San Francisco as it appeared nine years ago after the greatest conflagration in the history of the world. Through the magic wand of Insurance may be seen a reconstructed San Francisco—nine years after—the city known as Exhibit A of the Panama-Pacific International Exposition.

In the booth, too, you may observe the great institution of Life Insurance drained at \$24 every minute of every day and night as a tax to maintain general State revenues; \$13,000,000 to be a football for politicians every year. That is your insurance money that is being spent as much for the benefit of your uninsured neighbor as yourself.

Who wants to see his home burn, take all the chances of accident, and lose his treasured collections of a lifetime even though insured? Well, you see a house burn here and can imagine what might happen to you, and you can determine if you will help to minimize the great waste that is draining the Nation annually.

The Criminal Match! Do you know how many fires it causes every year?

Who wants to break his arm—or his neck—even though insured? Get the Safety First habit—the Insurance idea. You will find here many devices to save and prolong life and prevent accidents all of which are natural reducers of the insurance cost and which are the outgrowth of Insurance itself. Where else can you find a business that spends a part of its earned profits every year to bring about lower costs to the consumer?

That is what Insurance does; that is what the participants in this Exhibit do.

OPINIONS EXPRESSED BY PROMINENT INSURANCE MEN

REGARDING THE WORLD'S INSURANCE CONGRESS OF THE PANAMA-PACIFIC INTERNATIONAL EXPOSITION

"I am much impressed with the plan which contemplates bringing together the representatives of all kinds of insurance, believing that such a Congress would do much in the way of calling attention to the dignity and importance of the insurance business as a whole."—Robert Lynn Cox, General Counsel and Manager, Association of Life Insurance Presidents.

"No doubt much good can be done for the insurance business through the World's Insurance Congress."—E. Jay Wohlgenuth, President, The Western Underwriter Company.

"I assure you that any support which I and my Company can accord to this movement will be fully at your disposal."—Charles H. Holland, General Manager, Royal Indemnity Company, New York.

"The World's Insurance Congress of Insurance foreshadows broader national and international conceptions of a business which, by common consent, now ranks foremost among the institutions making for human betterment."—Forrest F. Dryden, President, The Prudential Insurance Company of America.

"The Congress will mark an epoch in the history of the business and in many ways the interests not only of those engaged in this line of business, but of the public generally, will be most substantially promoted."—Bayard P. Holmes, President, Hooper-Holmes Bureau.

"The forming of this Congress is and will continue to be a constructive movement of international importance, a great forward step, broadening and extending our vision in insurance affairs."—W. S. Diggs, Chairman, National Council of Insurance Federation Executives.

"I desire to give strong endorsement to the World's Insurance Congress. I do not recall anything in the history of insurance and publicity, of greater importance than the establishment, through the initiative of Commissioner Hathaway, of this Congress, with all its splendid possibilities."—Chas. H. Boyer, Manager, Casualty Department, National Life Insurance Company of U. S. A.

"Such a gathering would be of much interest and value."—George I. Cochran, President, Pacific Mutual Life Insurance Company.

"I believe that the World's Insurance Congress is going to be a big thing, and I wish to do whatever I can in my small way to make it of value to those who are engaged in the insurance business, and also to the insuring public."—R. R. Gilkey, Secretary, The Surety Association of America.

"I am fully in sympathy with the work contemplated by the World's Insurance Congress, and feel satisfied that much good can be accomplished through this branch of the Exposition."—E. C. Ralle, Manager, Western Department, Germania Fire Insurance Co., Chicago, Ill.

"We are in hearty sympathy with your work for the World's Insurance Congress."—L. A. Mack, President, The Weekly Underwriter, New York.

"I believe that if some permanent organization can be effected as the result of the Congress it will mark a new era in the constructive influence of insurance in America."—E. W. DeLeon, President, Casualty Company of America.

"It is the hope and expectation of *The Spectator* that the proceedings of the World's Insurance Congress will redound to the benefit of insurance throughout the universe."—A. L. J. Smith, President, Spectator Publishing Company.

"Regarding the possibility of a permanent organization of the National Council, it would seem desirable that such a joint council should be formed."—H. H. Putnam, Secretary, National Association of Insurance Agents.

"It must be productive of good results to the insurance business generally."—Cecil F. Shallcross, New York Manager of the Royal Insurance Company.

"A great meeting held in the interests of a great business."—T. J. Falvey, President, Massachusetts Bonding and Indemnity Company.

"One of the greatest educational forces that was ever undertaken."—C. I. Hitchcock, President, The Insurance Field Co., Inc.

"You have a far-reaching and useful program."—Charles A. Peabody, President, The Mutual Life Insurance Co. of N. Y.

"Probably no one event of as much and far-reaching importance to insurance has ever been planned or executed. The work involved and the courage of your conception is appreciated by very few."—Edward A. Woods, President, The National Association of Life Underwriters.

In addition to the many private opinions expressed, a number of the country's leading insurance journals devoted unlimited columns of editorial space to Congress possibilities, and on occasion, issued special editions for the sole purpose of helping the cause. Prominent among such papers are the *Insurance Field*, *The Spectator*, *Western Underwriter*, *Insurance Press*, *Rough Notes*, *Western Insurance Review* and a long list of others of minor importance.

LETTERS RELATING TO THE PLAN FOR PUBLICATION
OF THIS WORK

This record would not be complete if it did not contain the following three letters, directed to the members of the Provisional Central Committee of the National Insurance Council by Commissioner W. L. Hathaway of the World's Insurance Congress.

The first general letter so directed, dated October 19th, 1915, contained official notification of the Committee's appointment, as well as brief suggestions in regard to certain lines which it seemed of obvious advantage to follow. The letter follows:

TO MEMBERS OF THE PROVISIONAL CENTRAL COMMITTEE,
NATIONAL INSURANCE COUNCIL.

Gentlemen:

I take this form of making of official record your appointments as members of the Provisional Central Committee provided for in the enclosed Tentative Plan of Organization for a National Insurance Council, adopted by the National Council of the World's Insurance Congress at its executive meeting Saturday, October 9th, at which time your names, as provided, were selected by the Executive Committee of this Commission, brought before the National Council in session, and unanimously ratified.

For your further information I will state that upon the request of the Chairman and Secretary elected by you, Messrs. Charles H. Holland and Mark T. McKee, I am having prepared in typewritten form all the various historical facts of this work from its inception, together with all addresses and papers that have been delivered in the various events, including the Congress; as well as a number of valuable papers that were written by men of prominence in the insurance world and widely distributed, outlining what, in their opinions, could be accomplished through the movement.

These papers will reach your hands at the earliest possible date considering the vast amount of work necessary in their preparation, which I have only undertaken after due consideration of the fact that it would be difficult for any one not familiar with the work from its inception to prepare them in consecutive order and avoid the danger of leaving out some important detail that would bring the whole work before you in its constructive sequence so as to permit of its being edited in such form as to retain a clear understanding of the gradual growth of the ideas which found such expression in the Congress as to result in the unanimous decision of the National Council to perpetuate the work.

It is also hoped that the papers presented in this consecutive form will furnish the members of your committee with a very clear understanding, and we believe impressive suggestion, as to the immediate future direction which the work of the National Council can best take to perpetuate it as a national force.

This side of the subject was little, if at all, discussed in com-

mittees, for the reason that we felt the final committee would best come to understand the natural trend upon which this work could best be conducted by a studious reading of the history and papers as they will be presented, from which you will gather that for several years past we have been reaching a large reading public with papers very similar in educational value to those delivered at the Congress—all tending to a better understanding, particularly among insurance men themselves, of the real broad public service which the various branches are performing.

We feel sure that in reading this work in sequence you will more forcibly realize the extent to which it gathered force as it progressed, from a time when at its inception it was almost impossible to get a hearing, until the final papers of the Congress, in which the entire insurance world, and much of the public, are interested.

And we feel confident at this time, when the final results of these five years' work of the writer are being put into your hands, that you will pardon the suggestions which sincerely aim to transfer to you an understanding of at least one of the principal purposes which the National Council can serve.

This purpose, we realize, will be largely carried out in the publication and distribution of these papers so as to reach the entire insurance world, but we do feel that our responsibility would not be entirely discharged if we did not ask each of the Committee to thoughtfully read these papers with the understanding, which we feel sure you will gather, that the leading insurance men are now both willing and anxious to write and read along the trend of thought which the papers direct, while five years ago practically no one was interested in the subject of the service of insurance in its collective form.

All of this makes it seem clear to the writer that after the publication and wide distribution of these papers, a bureau of some description should exist which, after carefully familiarizing itself with the gradual growth of this work, would aim to constantly carry it forward by procuring from competent writers a constant broadening of this educational campaign, at least among insurance men themselves, of the service being performed by all branches.

Another suggestion which the writer trusts you will pardon, and which is the result of his becoming deeply impressed with the profound interest taken by two individuals officially connected with the Congress, but whose association in the National Council was of such a character as not to permit of the Executive Committee appointing them to your body under the rules laid down by the tentative plan of organization, but who we believe would serve with you in an advisory capacity if requested. One of those individuals is Mr. Arthur I. Vorys, who acted as General Chairman and heard practically every paper read during the Congress, and who gave an amount of thought and consideration to the future possibilities of the work that would make it seem quite logical that he would be willing to further serve an undertaking to which he gave so much thought and time. The second party in mind is Dr. Frederick L. Hoffman, whose life work along similar lines doubtlessly in a measure accounts for the ready grasp and understanding of the future possibilities of this work. Moreover, he has been in San Francisco during a big portion of the Exposition year,

and has watched this work closely, and the paper which he delivered on Life Conservation Day—October 12—on the Exposition Grounds, impressed the writer as one that could well be considered a summing up of much that has been aimed at and accomplished to date; and it does seem that any committee in this work could profit by the advice and assistance of Dr. Hoffman.

With the exception of transmitting to your Committee the completed papers, this will probably be the end of the writer's connection with this work, to which he has given the best of his thought for five years; and the suggestions which he has added to this communication are, be assured, with the single purpose of its leaving our hands with the best which we can contribute for its future success.

Yours very truly,

(Signed) W. L. HATHAWAY,
Commissioner.

The second letter, dated November 18th, 1915, conveyed a suggestion which appealed strongly to the mind of Mr. Hathaway. It was as follows:

Reading the invitation on the program of the annual meeting to the Association of Life Insurance Presidents to be held in New York, December 9th and 10th, suggests to me a course which your committee might find it advisable to pursue, in order to make known to the entire membership of the various associations the aims, purposes and future value of the National Insurance Council, namely:

To cause to have a well informed speaker of your committee on the program of the annual meeting of every association during the coming year, beginning with the above mentioned meeting, to tell them what has been accomplished to date and the collective benefits which will accrue through the National Insurance Council.

This would serve the double purpose of educating the members of the various associations through their proceedings and furnishing publicity upon the subject for the insurance press.

The third and final letter, dated November 22nd, only preceded by a few days the forwarding of this matter, and served to call to the notice of the Committee certain observations which could in no other way be properly expressed. The letter is quoted herewith:

In keeping with the following quotation:

"The Central Committee, being authorized by the Executive Committee of the World's Insurance Congress, shall take entire charge of the editing, publishing and distribution, by sale, or otherwise, of the proceedings of the Congress and other insurance events of the Exposition,"

which is the ninth article of the Tentative Plan of Organization for a National Insurance Council, unanimously adopted by the

National Council of the World's Insurance Congress at its meeting on October 9th, I have now completed in typewritten form all of the history and papers of the Exposition insurance events which terminated with the Congress, and have had them bound in two volumes, which will be forwarded in a few days to your Chairman, Mr. Charles H. Holland. I shall send him, for the use of your Committee in editing for publication, three sets of the papers, including the originals as far as it has been possible for us to procure them.

We believe that these papers, in the form presented, will readily lend themselves to the understanding of whoever may be designated to make the final edit.

I would like further to suggest that I believe your Committee would be greatly assisted in carrying out this part of the work if they had a complete file of *The Daily Field*, which was published here for six months this year during these events. For the purpose, I have asked Mr. C. I. Hitchcock, President of the Insurance Field Company, to send your Chairman a set of these papers, which he has readily consented to do.

In reviewing the papers that have been prepared by you, I find that they do not reflect a full understanding of what has been contributed to the success of this undertaking by the Insurance Field Company, both in publishing a daily paper here during the period mentioned; and, what is perhaps more important still, making it possible for us to have the personal assistance and support of their president, Mr. C. I. Hitchcock, for while the work performed by *The Daily Field* as a publication stands for itself with a creditable understanding in the minds of all insurance men who follow events, it remains a fact that no one but myself can fully understand the extent to which Mr. Hitchcock personally (outside of publishing *The Daily Field*) contributed to the success of the events, especially the Congress. This letter scarcely offers the opportunity for an adequate expression of what his services really were, but I do feel that I would be remiss, not only in the opportunity to pay a just tribute but in giving your Committee a proper idea of the value which Mr. Hitchcock's services and advice might in the future be to you if you could enlist his interest, if I failed to here give some testimony as to the extent of his contribution in carrying out many of the ideas for which your committee has so liberally commended me in the set of resolutions drawn by Mr. Vorys. It makes me sincerely wish that I was possessed of Mr. Vorys' concentrated power of expression, that I might in a few words tell of the sacrifices, the time spent, nights as well as days, by Mr. Hitchcock, in which his keen intellect and extensive information regarding insurance men and affairs contributed in ways that never can be measured to whatever success has been achieved.

In saying the above, I do not wish it to be construed that I lack a keen appreciation of the work performed by the other members of the Executive Committee.

I have always had the loyal support of Mr. William J. Dutton, its chairman—a gentleman whose standing and integrity are of such high character that if he had performed no other service than the loaning of his name and the guaranty of his confidence thus

expressed, he would have performed a distinct service difficult to otherwise obtain.

Mr. George I. Cochran, President of the Pacific Mutual Life, has repeatedly, both in his own behalf and that of his Company, made sacrifices and given support which would justify special mention.

Mr. Willard Done, coming to his appointment in the Commission fresh from the Insurance Commissionership of the State of Utah, brought to the work a fund of valuable information. Moreover, he gave to it the best of himself as a man. With his ability as a speaker, he constantly contributed much to the success of many events.

Your present Chairman, Mr. Charles H. Holland, while acting for us at long distance, nevertheless gave us his support and advice, which makes his services an important contribution.

So as a whole, I was more fortunate in having an Executive Committee whose loyalty and support were never lacking in any conceivable way, when any one of them was called upon.

Perhaps in no other way could the caliber of the men be understood better than by the liberality which they have shown on the completion of the work in heaping upon me compliments and credits in which they should so justly share a big part.

The mention of one more personality of which the history and papers reflect no part of the years of his work and devotion, is that of Mr. Garner Curran, my Deputy Commissioner and Secretary of the Executive Committee. He has occupied a most difficult position. He has been loyal and conscientious, and labored in a way which financial remuneration alone could in no measure account for; and it is a great pleasure to me to give this brief testimonial to my knowledge of the fact that he also has contributed much for which he is justly entitled to a large share of thanks and appreciation from all those who believe that good has been accomplished. Perhaps you can best measure my appreciation of the man as a valuable connection when I say that it is my effort to keep him permanently connected with me as a business associate.

Very truly yours,
(Signed) W. L. HATHAWAY,
Commissioner.

III. INSURANCE EVENTS AND EXHIBITS AT THE PANAMA-PACIFIC INTERNATIONAL EXPOSITION

The most valuable opportunity ever offered insurance to exploit its broad social and economic service through direct contact with the public was that afforded by the Panama-Pacific International Exposition in fostering special insurance events under the auspices of its Insurance Commission. This object was attained by the holding of insurance gatherings in San Francisco and the assignment of special days in the exposition life upon which the larger interests could hold public demonstrations or exercises explanatory of the work of those particular interests.

FIRE PREVENTION DAY—INSURANCE DAY

The first event in which Insurance was brought before the public in a forceful way was held before the opening of the Exposition itself, and was heralded by proclamations issued by the Mayor of San Francisco and the Governor and Insurance Commissioner of California. Proclamations were also issued by Governors of nine of the foremost States of the Nation, and Mayors of several of the large cities.

It was on the occasion when the first completed building of the Exposition—Machinery Hall—was dedicated, and the honor of conducting the ceremonies of that dedication was most fittingly bestowed upon insurance men, in recognition of the part which Insurance played in making possible the holding of the world's greatest Exposition in San Francisco. The events of the day were planned to bring to the fore the wonderful constructive work performed by insurance in the rebuilding of the city in the eight years elapsed since the great disaster of 1906; and through the addresses there delivered, and the publicity resulting from them, a broad understanding was developed in the minds of thousands not only as to the work of insurance in that particular achievement, but as to the part which it necessarily must play in all future events of similar magnitude.

The official proclamations concerning the day, a list of the speakers and their remarks, follow:

EXECUTIVE DEPARTMENT, STATE OF CALIFORNIA

PROCLAMATION

I hereby commend to the people of California the observance of SATURDAY, the 18th day of April, 1914, as FIRE PREVENTION DAY.

The purpose is to bring about united effort on this occasion to minimize the dangers of fire. I wish to join in making urgent appeal to all citizens to lend their energetic aid.

In recognition of the part insurance companies have had in the rebuilding of San Francisco, plans have been made for a celebration on FIRE PREVENTION DAY at the Exposition Grounds in San Francisco. It is my earnest hope that adequate expression will be given at that time to the confidence and good will so splendidly earned by those companies that met their obligations honorably and courageously in the hour of overwhelming disaster.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 27th day of March, 1914.

HIRAM W. JOHNSON,
Governor.

Attest:

FRANK C. JORDAN,
Secretary of State.

PROCLAMATION

BY JAMES ROLPH, JR.

Complying with the request of many citizens, and with the approval of the Honorable Board of Fire Commissioners of this city, I hereby proclaim and designate April eighteenth "Fire Prevention Day," in and for the City and County of San Francisco.

In doing so, I especially request that all owners or tenants of houses or buildings, of whatever kind, within the city, give careful thought on that day to the possibility of fire upon their premises, and ask that they carefully inspect their own homes or places of business, with a view to the removal of any unnecessary inflammable material which may be found needlessly stored or carelessly left about, constituting a menace to property.

Let it be remembered that a great proportion of the fires occurring in any large city could, by forethought and attention, be easily prevented, with consequent saving, not only to owners of the property involved, but to the city also, as each response to an alarm of fire means a considerable expense to the Fire Department.

With these facts in view, and, although every day should be a fire prevention day, I, as Mayor, have designated the anniversary of the great fire of 1906 especially as "Fire Prevention Day," in order that the subject of fire prevention may, at that time, be given general public attention.

(Signed) JAMES ROLPH, JR.

Mayor of the City and County of San Francisco.

March 23rd, 1914.

INSURANCE DEPARTMENT
OF THE STATE OF CALIFORNIA

BULLETIN

April 18th, the anniversary of the great conflagration of 1906, has been designated by the Hon. Hiram W. Johnson, Governor of the State of California, as a day to be commemorated by the people of this State. A similar proclamation has been issued by the Mayor of the City of San Francisco calling upon the citizens of the municipality to participate in observing this day.

In furtherance of this idea and to give it concrete expression President Charles C. Moore and the Directors of the Panama-Pacific International Exposition have tendered the use of the Exposition Grounds for holding appropriate exercises and have officially designated this day as "Insurance Day," in honor of the great part insurance played in the rebuilding and recreation of the City of San Francisco.

In accord with these proclamations and the great honor bestowed upon the insurance fraternity by the President and Directors of the Exposition, I ask that all engaged in this great business join in this celebration and by active participation show their appreciation of the honor conferred upon them.

E. C. COOPER,
Insurance Commissioner.

San Francisco, Cal.
April 11, 1914.

RESOLUTIONS

PASSED BY ADVERTISING ASSOCIATION OF SAN FRANCISCO

WHEREAS, President C. C. Moore and the Panama-Pacific International Exposition officials have designated April 18th as "Insurance Day," and a special celebration will be held at the Exposition grounds on that day, and

WHEREAS, Hon. Hiram W. Johnson, Governor of California, and Hon. James Rolph, Jr., Mayor of San Francisco, have issued proclamations giving official recognition to this day,

BE IT THEREFORE RESOLVED, That the Advertising Association of San Francisco does heartily endorse the movement to set aside one day each year as "Insurance Day," and we suggest that it be made national in scope, and that in order to fittingly express the sentiment on this subject we pledge our support individually and collectively to influence a large attendance and enthusiasm on this April 18th, 1914.

RESOLUTIONS

PASSED BY ROTARY CLUB OF SAN FRANCISCO APRIL 7TH, 1914

WHEREAS, The President and Directors of the Panama-Pacific International Exposition have set aside April 18th, 1914, as Insurance Day at the Exposition Grounds; and

WHEREAS, The Governor of the State has issued a proclamation commending and endorsing this action and calling upon the people of the State to fittingly commemorate that day; and

WHEREAS, The Mayor of the City has also issued a proclamation calling upon the people of this City also fittingly to celebrate the day; and

WHEREAS, It is desirable that the world should be impressed with the fact that San Francisco has been so reconstructed as to enable them to give a great Exposition,

BE IT RESOLVED, That it is the sense of the Rotary Club of San Francisco that Insurance Day, April 18th, 1914, should be given all support to make it the success which it deserves.

INTRODUCTORY REMARKS

By W. L. HATHAWAY

Commissioner, World's Insurance Congress Events of the Panama-Pacific International Exposition

AT INSURANCE DAY EXERCISES, MACHINERY HALL, SATURDAY,
APRIL 18TH, 1914

"Insurance Day," April 18, 1914, has a special significance to this gathering, this city and this State, as it will be for all time an example and a lesson to the entire world; for, standing here to-day, the first big public gathering in the first completed building of the greatest International Exhibit that the world has known, erected by a city that eight years ago was wiped off the face of the map as far as its material construction was concerned, it is well to apply the principle of "render unto Cæsar the things that are Cæsar's, and unto God the things that are God's;" and, while I do not wish in the slightest to detract from that God-like manhood and womanhood that showed itself in this city, the credit that is justly theirs for the heroic part they played throughout those trying days and the years that have succeeded them, still it is well to-day to "render unto insurance those things which to insurance belong;" and to acknowledge to ourselves and to the world that insurance rebuilt San Francisco; and that while it rose, Phœnix-like, from its ashes, it rose upon a foundation the basic system of which is applied throughout civilization; and that man's trust and greatest coöperative system was proven (in the distributing of a great loss to rebuild a great city), over the face of the entire world.

San Francisco is an "insurance city," rebuilt by insurance money, life as well as fire, and we, as an insurance community assembled here to-day fifteen thousand strong, claim it as our exhibit at the Panama-Pacific International Exposition; and I say to you insurance men gathered here to-day that if you do not make the most of this exhibit—if you do not from this time out educate the entire world to look upon this city as the insurance exhibit—you will not only be losing an opportunity, but you will be failing in your duty to the business which you represent; for it is your duty as an insurance community to make the entire world understand that the insurance exhibit at this Exposition exceeds in grandeur and accomplishment all other exhibits that will be here, for it is, remember, the entire city of San Francisco, and incidentally this Exposition itself, which is the outgrowth of the city rebuilt by insurance money.

This being the first great gathering in the first completed building of the greatest Exposition ever given by a Christian nation.

it seems well that we should acknowledge whence we all draw our power and inspiration, and for that purpose I will call upon the Rev. F. W. Clappett for an invocation of blessings upon that which is, and strength to carry out those things for which we have planned and obligated ourselves.

[The Rev. Dr. Clappett, rector of Trinity Episcopal Church, then delivered in his usual impressive manner an invocation appropriate to the occasion.]

ADDRESS OF WELCOME

BY C. C. MOORE

President, Panama-Pacific International Exposition

AT INSURANCE DAY EXERCISES, SATURDAY, APRIL 18, 1914

Of all the great congresses and conventions to gather on these grounds, and to date there are two hundred and twenty-five of them, the first of them all to organize was the World's Insurance Congress. The first gathering on these grounds, to-day, of all those conventions is again those forces and influences connected with the World's Insurance Congress.

It is my hope and my belief that of all those great organizations that will leave their marks in history—that will make for the credit of our country and the glory of our Exposition, there are none of whom I expect more than I do of the same World's Insurance Congress.

Insurance is such a broad subject—so little understood. I might well say to you, "What a mighty book it would take to carry what the average man does not know about insurance." In our ignorance we are disposed to regard these men as those who come to us and collect money for services unperformed. We regard them in a sense, too many of us, as a sort of social parasite.

I wouldn't say that my viewpoints were extreme as that, but I must confess that one of the great comforts of my life is the fact that to me the curtain has been raised, and I have learned to know what insurance means and to know and honor insurance men; and to come to realize how not only they protect the merchant and the manufacturer, but further how they provide those material needs and those blessings in the hour of suffering and trouble.

Therefore I say, "Blessed is the insurance man," for in his operations not only does he work for profit to himself, but to the advantage and protection of the insured.

In this gathering to-day, as will be in the World's Insurance Congress, I take it that all insurance activities are represented.

Those that hear me will refer back to those eventful days eight years ago. As for me, as a citizen, I want to forget the disaster, and remember only the glory of 1906. That is the thought that should take hold of us. We were tried in the forces of the elements. We could not have made such men of ourselves, nor presented such a picture to the world of American courage, fortitude and energy, had those eventful days been denied to us. Therefore I say that the example of San Francisco will be an inspiration the world over, to men who must meet the forces of the elements.

If the Exposition will be the direct or indirect means of having the world better understands the forces, the influences, the benefits, the public-spiritedness that are involved in insurance operations, the Exposition will feel that that alone will have justified all its effort here.

In closing I want to say to you that I hope you will realize the world's elect will come here in 1915—the best from all cities and all countries—bringing with them the delegates of insurance activities and the friends of insurance men, for then you will hasten to organize definitely, along a line of receiving these people. The individual's efforts, well intentioned as they may be, are too often misdirected.

Therefore, throughout your organizations of fire, life, marine and other heads, set to work to have your first district organizations lead up to a central body that will take in hand the work of reception and entertainment of those of your profession who come here.

It is not how we may rival the great Expositions of the world. It is not the vastness nor the splendor of our exhibits that will count. If that personal element is lacking, if that personal token which we carry long after the objects of the Exposition is forgotten, then the insurance men of San Francisco will have failed of the high purpose entrusted to them. I know they will not fail, and therefore, while I have not definitely planned the future of it, I feel that I am within the words and the mind of your Commissioner when I say you can serve the Exposition in no better way than by immediately organizing; so that it matters not where the insurance man comes from nor where his friends come from, just so they will meet from the San Francisco insurance men with the same hospitality and the same hand of good fellowship that will be extended to those who come from other avenues of trade and commerce.

Thrice welcome, therefore, is to-day, the beginning of the World's Insurance Congress on these grounds. Every influence and facility of the Exposition will always be at your command, Gentlemen.

ADDRESS OF WELCOME

BY JAMES ROLPH, JR.

Mayor, City of San Francisco, Cal.

AT INSURANCE DAY EXERCISES, SATURDAY, APRIL 18, 1914

We are gathered here this afternoon on the Exposition grounds in this marvelous Machinery Hall, called together by Mr. W. L. Hathaway, Commissioner of the World's Insurance Congress Events of the Exposition, to meet the insurance men of the State to show them what we are doing.

Some of my fellow citizens say, "Let us forget eight years ago." But I say it is well worth while to let our thoughts wander back to April 18, 1906, and those days following the earthquake, when San Francisco lay in ashes and when the fires devastated miles of this beautiful city.

Can we forget the pluck, and the enterprise, and the energy, and the optimism of the men of those days—the spirit that came down from our pioneer fathers—making it possible for you San Franciscans to stand here to-day in this marvelous building on the Exposition grounds and to extend a welcome to the insurance men of the State and to the insurance men of the country?

What would we have done without the insurance men following that great catastrophe, destroying, as it did, two hundred-odd millions of dollars of property—money repaid to us by insurance men, and with which we have rebuilt this great city?

I do believe in insurance. I believe in fire insurance, I believe in life insurance, I believe in marine insurance, and I believe in miscellaneous insurance in all its branches; and you can count upon me as a booster for insurance, an advocate of insurance and a man who realizes the protection it affords to life and property, and the protection of the home and the family within the home.

I was happy to be able, as the Mayor of this City, to issue a proclamation declaring this "Insurance Day," making the people mindful of what insurance is, giving them a thought for the future protection of the home, family, business and all that can be insured.

In the name of San Francisco, I extend to you, Gentlemen of the Insurance World, a most hearty welcome.

We who are identified with the Exposition take a pride in what is being done here. We are proud of our President. When the gates swing open, on time, on the 20th of February, 1915, we will meet all parts of the world right here on this very ground. May we all meet next year, and in years to come, in this great thriving metropolis of the Pacific, in which we are all interested. I thank you for being in San Francisco to-day. San Francisco extends to you a welcome coming from the bottom of her heart.

RESPONSE TO ADDRESS OF WELCOME

BY WARREN R. PORTER

In Behalf of the Commissioner of the World's Insurance Congress
Events, Panama-Pacific International Exposition

AT INSURANCE DAY EXERCISES, SATURDAY, APRIL 18, 1914

The task of arranging this great celebration having fallen upon Mr. W. L. Hathaway, the Commissioner for the World's Insurance Congress, places the responsibility upon me of acknowledging the brilliant address of welcome to which we have just listened. This responsibility is, however, coupled with the opportunity for which I have long sought to publicly testify, in this presence, to the courage, persistence and energy that President Moore has given to this vast enterprise. It is a source of deep gratification to me, who have played a small rôle in the public life of his native State, to stand here and give my word of credit to the man, my life-long friend, who more than any other has brought into being the Aladdin palaces that surround us. Now that his dream of a few years ago is coming into a reality, I know I speak for all within the hearing of my voice when I say to him with a heart full of gratitude, "Well done."

Significant, too, has been the rôle of the man for whom I am spokesman. I cheerfully embrace this opportunity to say of him those things that the entire insurance fraternity feels towards him and the magnificent idea he has conceived. In 1910 Mr. Hathaway formed the idea that the highest and noblest insurance ideals could best be served by bringing about a World Congress. He began a campaign, almost unassisted, to bring about such a gathering at the Exposition to be held here next year. Since that time he has devoted himself to this plan with unselfish energy. He was the first to fully grasp the tremendous importance of insurance interests in world affairs. The whole scheme of insurance is so vast, so vital and so fraught with significance to the entire social order, that the bringing together of all these interests in one congress will have indeed far-reaching results. Practically all insurance companies of the United States, whether they be life or accident, fire or casualty, have been converted to the magnitude and importance of the insurance congress, and finally the Exposition directors have realized the epoch in the world's progress to be marked by the Congress which will be held on this site in October of next year. It may be interesting to you to know that this is the first time in the history of expositions that the insurance interests have been accorded the importance and responsibility of a commissioner.

My close association with insurance affairs may prompt you to

think that my enthusiasm for the cause has outrun my judgment and that I am vastly overstating the significance of the World's Insurance Congress. I do not wish to oppress you with figures or statistics, but it is proper for us all to realize that the amount of money pledged for compensation, for the loss of human life and for the restoration of property destroyed by fire in the United States reaches such vast figures that the trained mind can hardly grasp any adequate idea of their real proportions. Do you realize that in these United States alone, more than one thousand, five hundred million dollars are paid annually for all kinds of insurance! It becomes apparent at once that the bringing together of the men who are spinning this web of protection around the social and economic affairs of the world is an achievement which not only captivates our imagination, but will inevitably result in great progress and reforms.

The insurance industry has been going through a constructive period to such an extent that until now all thought of bringing its diversified interests into coördinate action has been practically neglected. Within the last decade insurance in this country has made tremendous strides. Without detracting from the valuable assistance he has received from many men and other interests, I unhesitatingly give to Mr. Hathaway all of the credit for this Congress idea and its promotion to date. He has devoted himself to this task since 1910; he has traveled far and wide; he has attended innumerable insurance conventions, where his voice preached the doctrine of the Panama-Pacific International Exposition and its world-wide importance; he has secured definite assurances from more than forty life insurance companies alone that they will hold their annual meetings for 1915 at this Exposition, and it is now estimated that the Insurance Congress events alone will bring to the Exposition more than two hundred thousand people. It is remarkable that this first great Insurance Congress will be held not only at a world's Exposition, but in the City of San Francisco, for the most stupendous exhibit ever conceived by any combination of industries will be the exhibit offered by the insurance world, namely, the great City of San Francisco itself, destroyed eight years ago, and to-day built stronger, greater and bigger by moneys promptly paid by insurance companies. This western metropolis, in fact the Exposition itself, is in a measure an insurance Exposition, giving indestructible testimony to the protection which insurance provides.

Insurance companies more than any other institutions control the great river of gold that is constantly streaming through the world's commerce. We hope through the Congress of next year to bring about the advocacy of fair, intelligent and protective legislation; we expect to establish the coördination of the various elements in the insurance world, and we plan to establish unified action among these great institutions along lines that will make for the world's social and material benefit. No commercial activ-

ity can possibly reach the fireside with such telling effect upon the future growth and development of the people of this land as does the institution which protects the home against calamity or loss. This protection must be accorded fairly to the insured and to the insurer. Both must work hand in hand, to the end that we may accomplish the greatest good for the greatest number.

I call upon the insurance men of California, especially those of this city, to recognize the importance of this great Congress; especially, however, to remember that they will be charged with the responsibility of being hosts to the insurance world in 1915. The well-known and recognized hospitality of the city by the Golden Gate must not be permitted to suffer at our hands. I call upon you, therefore, to organize at once and to build energetically and earnestly and faithfully, so that we may creditably fulfill the obligations we have assumed.

I predict that the World's Insurance Congress will be one of the glorious achievements of 1915; that its effect upon our industrial and economic development will mark an epoch in the progress of our social order, and I bespeak for the Congress your earnest and enthusiastic coöperation.

ADDRESS

BY WILLARD DONE

Commissioner of Insurance, State of Utah

AT INSURANCE DAY EXERCISES, SATURDAY, APRIL 18, 1914

It is both a pleasure and an honor, which I appreciate more than I can express, to be invited to speak on this momentous occasion. It affords me great satisfaction to be able to bring you direct from their meeting in Chicago, greetings and best wishes from the State Insurance Commissioners, in spring convention assembled. I have had the honor of presenting San Francisco's invitation to the Commissioners to hold their annual conventions here in 1915; and, while definite action cannot be taken at this time, it seems to be the consensus of opinion that San Francisco will be chosen as next year's meeting place.

It is also a great honor for me to bring you greetings from my own State, Utah, and Salt Lake City, the brilliant gem in the midst of the Rockies, with its secure and rugged setting of majestic mountains, rushing rivulets, salt sea and verdant valleys. As I was glad to be able to say on a previous occasion, Salt Lake and Utah stand ready to furnish a half-way house of hospitality, entertainment and refreshment for the millions who we hope will be San Francisco's guests in 1915. Especially are the insurance companies and insurance men of Utah pledged to promote in every

possible way the success of the World's Insurance Congress. In my own capacity as State Insurance Commissioner, and speaking as well in behalf of other State officials, I wish you every success in your congress and in your Exposition, which mean so much to us, in common with you.

It is opportune here to felicitate the State of California and the City of San Francisco on the splendid enterprise manifested in the preparations for this Exposition, which promises to eclipse all former ones in completeness, magnificence, extent and meaning, and to be the last word in historical and educational exhibits. indeed, it will be worthy of the event it celebrates, the greatest commercial and industrial achievements in history, the completion of the Panama Canal.

What I have seen here to-day has moved me deeply. I gaze on the magnificent sweep of your harbor—the greatest in the world; I look upon the incomparable beauty of the Golden Gate, open for the passage of richly laden vessels, before which the argosies of old sink into insignificance; I view with loving admiration the beautiful park adjacent, taken from sea and sand hill and made a place of recreation for countless millions; I contemplate this queenly City, new risen from the fiery ruins of eight years ago, and, sitting on her stately hills, ruling a province greater and richer than the world over which the Eternal City bore sway; and, last of all, I see the beauty already apparent in these Exposition grounds, and contemplate the splendor and magnificence they will display when the Exposition opens. As I mark these things, I feel like joining with you in the chorus of your California song.

I stand in reverence as I think of the glorious enterprise and intrepid courage you have displayed. Then I remember that only eight years ago to-day your City lay in ashes, your arteries of trade were choked, the voice of industry and commerce was mute, and the pall of sorrow and loss and death lay over this splendid domain, and there appeared on your horizon neither hope nor brightness, but only the darkness of grief and devastation. And I exclaim with awe, "What hath God wrought, by the God-like courage of men!" Nor do I forget the part played in this development by the great institution which we are assembled to honor, the admirable constructive, beneficent system of insurance.

For if men and women have been the instruments of this reconstruction, insurance has been the means by which this modern miracle has been wrought. I recall that almost the first money available in the stricken city was that furnished as policy loans by the life insurance companies, on the most liberal terms and with the fewest possible restrictions. I also remember that as soon as men could begin to think and act, after the great and paralyzing calamity, a golden stream poured into the city from the fire insurance companies, continuing until millions of indemnity was paid on this fire alone. Add to this the sums insurance

companies have paid for deaths and health and accident claims arising from this calamity, and you will realize the importance of insurance in the rebuilding of San Francisco.

There have been in history other reconstructed cities. Babylon was restored by Nebuchadnezzar to such splendor that he stood upon its massive walls and exclaimed in the pride of his heart, "Alone I did it!" Yet because he had ground the faces of the poor and failed to give praise where praise was due, he was forced to wear the habit and eat the food of base humiliation. Nero restored devastated Rome so magnificently that he could boast, "I found the city of mud and left it of marble." Yet here again the poor man's hut was removed, that the rich man's palace might take its place. And so in other instances.

But in the building of your City there has been no such discrimination. The golden stream of insurance money has flowed as readily to the poor as to the rich, and the cottage of the one has sprung up beside the palace of the other. So that both can say with pride and gratitude, but not with arrogance, "Our City was not, but now it is!"

For insurance is no respecter of persons. It knows no discrimination between rich and poor. It rebuilds with equal alacrity the marble palace and the lumber cottage. It blesses the bereaved home and replaces the interrupted income of the poor as well as the rich. The one question asked is, "Was he insured, and is the claim valid?" Instances are common where beneficiaries are sought in many lands for years, in order that money held in trust may be paid to them. I do not deny that you of San Francisco found a few exceptions to this rule of strict honesty. But there were only enough exceptions to prove the general rule. And when I contrast these few delinquent companies and officials with the great mass of companies and their heads, who paid to claimants many times over their available assets, who wrestled for months with the stupendous problem, who yielded not an inch in their determination to pay the uttermost farthing, whose hair was whitened and whose forms were bowed by their tremendous task, then I say we can well forget the few who were recreant in our admiration for the many who stood the test and fairly met the issue.

What, then, shall we say of the splendid system of beneficence and finance by which so much has been accomplished? First of all I think it is most fitting that through the enterprise and initiative of your Commissioner, Mr. W. L. Hathaway, and his deputy and the other militant, aggressive insurance men of the Pacific Coast there should be and has been established a World's Insurance Congress in connection with the greatest Exposition in the world's history. It is a deserved recognition of the part taken by insurance in the reconstruction of your City and the assistance it has rendered and still may render in making your great Exposition a success. For insurance has built up your ruined City, as its mission is to restore that which has been destroyed.

It reaches into every avenue of public and private life, of commerce and industry. The golden stream continually flowing in and flowing out through the great distributing agencies we call insurance companies, replenishes and refreshes wherever it goes. While not a charity, it is charitable; while not a pauperizing beneficence, it is nevertheless a beneficence. It gives assistance without taking away self-respect; it restores the broken family ties; it replaces the wrecked home; it keeps the widowed wife and the orphaned children; it gives new courage and life to the discouraged. All of this it does because of the work of the conscientious, high-minded, able men who stand as its representatives to the people. And this tribute I pay from my heart to insurance companies and to the men who represent them.

But insurance does not only indemnify for losses already accrued. It anticipates and discounts losses by preventive measures. In the last few years there has developed a movement for publicity and conservation which promises splendid results. The insurance companies and their representatives are leading this movement. It is partly selfish, but largely humanitarian. Realizing that every loss is absolute and that insurance simply distributes the loss, they have concluded that as far as possible the losses must be prevented. To this ultimate end the efforts of many brainy and able men are directed, and the work is attracting more such men every day.

While the calamity which destroyed your City was not preventable, more fires and accidents and many deaths can and should be prevented. The needless sacrifice of millions of property and thousands of lives annually to the juggernaut of waste and carelessness can and must be lessened and ultimately wiped out. While the task is Herculean and not to be accomplished to-day or to-morrow, yet our to-days and to-morrows must show some progress and some tangible and cumulative results. It is gratifying that the first public exercises connected with your insurance congress are given over so largely to this work of conservation. Education and conservation may well be made the slogan of this congress.

Again I say it is most fitting that such a congress as has been established here should be established. As I have traveled through different parts of this great country of ours, and it has been my privilege to visit many of them within the past year, this idea everywhere meets with enthusiasm. Everywhere I go the great events scheduled for the world's congress in 1915 are receiving universal endorsement. The eyes of the insurance world are on San Francisco, as also are the eyes of the industrial, the commercial, the social and the religious world. The judgment of the world will be passed on the men and the women of the West accordingly as they measure up to expectation. But such is the confidence in what San Francisco is and what San Francisco does, that expectations are high. They are justified, and I know they will not be disappointed, and I cannot estimate, nor can you

measure, the benefit to the great institution we are proud to represent, which will come from the work you are doing.

I do not minimize that work. I know that those engaged in preparations for this insurance congress will need all the assistance, all the enthusiasm, all the material help that can come to them. And I am safe in saying that this help is coming from the outside on the theory that not only God, but men, helps those who help themselves.

I think that practically every insurance gathering of any importance in 1915 will take place in San Francisco. I am glad to know that already there have been set in motion forces preparatory to next year's insurance day, which will occur a year from this date, that the Fire Underwriters' Association of the Pacific, and other western bodies, will be here during the three days, April 19th, 20th and 21st. This will perhaps be the first great gathering of this kind in your city in connection with the congress.

I know that you, in common with other western insurance men, feel your responsibilities to the rest of the insurance world; that you are actively engaged in preparation for the magnificent events scheduled and yet to be scheduled for 1915. I am glad to know that a vast number of agency gatherings will be held here during that year, and that practically every week from April 18th to October 15th there will be one or more insurance conventions in session in your City. The eyes of the insurance world are upon you, and the anticipations raised will not be disappointed.

To you San Francisco insurance men I bear this message, not only from my own State, but also from the other sections of the country I have visited. It is a message voiced generally by insurance men and insurance organizations. It is a message and a pledge to which you, because of your wonderful enterprise and initiative, are fully entitled; it is a message and a pledge of which I am both pleased and proud to be the bearer. In my own humble language it is this: Greetings and good will from all sections, from all bodies, from all men where insurance is an interest. All good wishes to the State of California, to the City of San Francisco, to the men and women who have made and will make the State and the city great; to the men and women who will make the Exposition resplendent with glory, honor and benefit; and last, though by no means least, the men and women who have initiated and will build the first universal insurance congress, embracing all insurance thought and interest and purpose, and yet destroying none of the integral forces which enter into insurance work everywhere. All greetings to you and to your congress. Godspeed and success in the work that you are doing. For you are helping to demonstrate the fact that insurance is surely coming into its own in the public estimation. The time is rapidly approaching when as a national institution it will be known nationally; when it will be universally recognized as the universal system of coöperation and mutual helpfulness. The prejudices it

has encountered in the past will be overcome in the future. It will not longer be used as the football of politics, the means by which demagogues gain entry to public place, the victim of their rapacious exploitation. No longer will it be "Butchered to make a grafters' holiday."

Education and enlightenment insurance-wise will accomplish the emancipation of the people and their system of coöperative protection, from the hands of those who see in it only a means of furthering selfish ends and dishonest schemes. For when the public come to know, as they will know, that they form the company and prosper as it prospers and suffer as it suffers, when each man realizes that he is taxed when the company is taxed, and every man's loss is his loss; then the people will arise in righteous power and demand the lightening of unjust burdens and the elimination of preventable losses.

The signs of the times all point that way. Three days ago, at Chicago, the Insurance Commissioners unanimously pledged themselves to the propaganda of education and conservation in their several States. They agreed to be a means of communication between the publicity bureaus of insurance organizations and the people, for education and conservation. And no matter if it takes a generation or several generations, this plan of enlightenment will be carried through until men will be protected from unsound schemes and gross exactions, because they who understand correct principles can best govern and protect themselves.

Insurance asks no special or unwarranted favors from State or Nation. Insurance men ask no unfair exemptions. But since, like fabled Atlas, it bears the world of financial loss on its shoulders, it does ask that no unjust burdens be added, and in return for simple justice, insurance and insurance pledge themselves, their ability and their integrity to alleviating suffering; distributing among the many their losses of the few; building up devastated cities; restoring ruined homes; binding together broken families; realizing more fully and better in their work than it can be realized by any other financial and fiduciary system, the universal kinship of humanity.

If the question is asked, "What good can come from insurance?" San Francisco needs only to answer, "Come and see." The world will come, will see, will be convinced. Insurance will proclaim through these visitors to all their towns and habitations, "What I have done for San Francisco, I will do for you if need arises. For, when it comes to the distribution of benefits, I know no east, no west, no rich, no poor, no race, no creed, no age, no sex. To all who deserve my ministrations I am the benefactor of humanity!"

I have carried, then, in rude and imperfect form the message of the insurance world to you insurance men. I have formulated (imperfectly, I know) your message to the Nation and the world. And if there shall come from this occasion a better understanding

and a closer sympathy between a beneficent system and the world it benefits, I shall be more than repaid for the effort I have made to visit and address you.

OTHER INSURANCE EVENTS, 1914-1915

In addition to the program of addresses, the San Francisco and Exposition Fire Departments gave an interesting and instructive demonstration of fire prevention and fire fighting and of life saving work as practised by modern city departments.

From April of 1914 to April of 1915 much of the effort of the Insurance Commission was directed toward the securing of additional conventions and meetings—a work, crowned with unusual success, for in the six months' period of the insurance events of the Exposition, beginning April 17th and ending on October 15th, 1915, scarcely a week passed but what one or more conventions were in session.

The first insurance event of the year 1915 was in fact a series of events of itself, and was known as the "Nine Years After" celebration. The following proclamations, issued by the Mayor of San Francisco and the Governor of California, publicly announced the event:

"NINE YEARS AFTER" EVENT

COURT OF THE UNIVERSE—EXPOSITION GROUNDS

Saturday, April 17th, 1915

(Under the auspices of the Commission in charge of the World's Insurance Congress Events.)

PROCLAMATION IN RE "NINE YEARS AFTER" CELEBRATION

ISSUED BY HIRAM W. JOHNSON

Governor, State of California

EXECUTIVE DEPARTMENT, STATE OF CALIFORNIA

PROCLAMATION

In compliance with numerous requests from leaders in religious and educational work, and from many other citizens of the State, I hereby designate Sunday, April 18th, 1915, the ninth anniversary of San Francisco's destruction by the elements, as a day for thanksgiving services, in which a grateful people may give a renewed expression of the faith that triumphs over sweeping disaster. The occasion presents the example of the accomplishment of

indomitable perseverance and courage of a great people, and affords a striking contrast between the achievement of peace and the consequences of war. All San Franciscans, indeed every citizen of California, may proudly and gratefully observe the day.

HIRAM W. JOHNSON.

PROCLAMATION

BY JAMES ROLPH, JR.

The approaching seventeenth day of April will be the ninth anniversary of the last day of existence of much of the material part of the "Old San Francisco," the foundation of which was largely laid by our Argonaut fathers, whose glorious achievements in winning for us this Western Empire endear to our hearts their memory, and the city they builded.

The new city has arisen in its reconstructed greatness to the proud distinction of offering to the world its greatest International Exposition, at a time when the dreams and ambitions of those Argonaut fathers are being realized through the linking of the two great oceans, whereby the commerce of the world is brought to our doors. We therefore deem it fitting to celebrate appropriately the 17th day of April as planned under the auspices of the Panama-Pacific International Exposition—the crowning achievement of San Francisco's greatness.

It is further fitting and proper that the succeeding day, April the eighteenth, be dedicated as an occasion for expressing to Almighty God thanks for the gifts that have been, with such bounteous hand, showered on the new and old city. This thought is suggested by the following set of resolutions recently adopted by men prominent in the clerical and secular activities of our city and State:

"THE CITY OF SAN FRANCISCO was visited by a devastating fire on the eighteenth day of April, 1906, the destructive character of which was as great as that of any cataclysm known in history.

"During the past nine years the world has witnessed the rise of San Francisco to a position stronger and more enduring in every respect than before the fire, and crowned by the World's greatest International Exposition, thus presenting in concrete form a contrast with the cities of the Old World that failed to recover from the catastrophes that visited them.

"The City of San Francisco, built on this western outpost, is a geographical center with a growing trade between the Orient and the Occident, and stands as a preëminent illustration of what modern civilization may achieve through avenues of peaceful pursuits, as contrasted with periods when might and the sword prevailed.

"And furthermore, from a careful analysis of the statistics and facts that contributed to the rehabilitation of this city, it appears to us to offer the most striking illustration of the great forces that made it possible. And chief amongst such forces we recognize that throughout, and by reason of, the long period of peace enjoyed by this nation, there has developed a coöperative life, in which the brotherhood of man has been the primal factor. Thus, when the city suffered in the destruction of property to the extent of several hundred million dollars, the means for its replacement had already been provided for, through that coöperative spirit, known as 'insurance,' to the end that the burden of this city's reconstruction fell very largely and evenly through that part of the civilized world of leading commercial activity. Nor does the fact that a commercial spirit entered of necessity into the act diminish the force of the altruistic life thus presented.

"THEREFORE, in recognition of the above facts, and the lessons which they convey, and on the threshold of the opening of the World's International Exposition, which stands for the pursuits that lead to the world's peace, we do hereby

"RESOLVE, That on Sunday, the eighteenth day of April, 1915, we shall commemorate these world-known facts by services of Thanksgiving in all our respective places of worship, with sermons expressive of our gratitude to Almighty God that we are privileged to live in a land and in a community where the victory of the pursuits of peace has been so strongly demonstrated, and that in addition to the special services thus to be held, we shall hold a Mass Meeting in the Municipal Auditorium, to which the entire population of the city shall be invited in order that we may, in a spirit of unity, give public expression to our appreciation and thankfulness. And we do hereby further

"RESOLVE, That this resolution shall be given to the press of this Nation and of the world, with the desire and belief that all people may join with us in commemorating a course of events which offer the strongest foundation, upon which an appeal may reasonably be based for the peace of the world."

NOW, THEREFORE, I, James Rolph, Jr., Mayor of the City and County of San Francisco, do hereby proclaim that Sunday, the eighteenth day of April, 1915, is set aside as a day for public Thanksgiving in our city, in keeping with the above set of resolutions; and urge all loyal citizens of San Francisco and California to participate in this Thanksgiving in order that our gratitude to Almighty God may be sincere and abiding; and that all people may witness that during this period of pride in our crowning achievements this great metropolis on the western shores of Occidental civilization is glad to acknowledge and give thanks to that source from which all strength and inspiration spring.

(Signed) JAMES ROLPH, JR.,

Mayor of the City and
County of San Francisco.

On the first two days of the celebration, Saturday, April 17th, and Sunday, April 18th, practically the entire City of San Francisco was interested in the proceedings. Saturday saw a monster military and civic pageant in which over twenty thousand took part. Nearly four hundred automobiles carrying over two thousand insurance people were in line, and were escorted by the Western Division of the United States Army stationed at San Francisco. The parade was headed by the Mayor, officials and directors of the Exposition, Commissioner W. L. Hathaway and the committee of San Francisco insurance men who assisted in making arrangements for the day, and the Hon. Morgan G. Bulkeley, who chanced to be in the city at the time. It started from the Union Ferry Depot at the foot of Market Street and took its way through the main streets of San Francisco, finally passing before a reviewing stand in the Exposition Grounds, where, after its termination, brief exercises were held in which insurance received a full measure of recognition. The addresses were as follows:

CHAIRMAN THORNWELL MULLALLY, INTRODUCING

CHARLES C. MOORE

President, Panama-Pacific International Exposition

This celebration of the ninth anniversary of the burning of San Francisco is fraught with sentiment and feeling as we think of the past. It is an occasion for thanksgiving as we look upon the present. It is full of promise as we face the future. There is love for the old City. There is thanksgiving for the new and the bigger City. There is certainty for the future.

We would not be celebrating this anniversary of the burning of San Francisco if it were not for the marvelous reconstruction, better than before. We would not be celebrating it were it not that simultaneously with the rebuilding of the City there has been built here this great Exposition.

When a man has reached a high pinnacle of greatness he may with pride look back. We are mindful of the old. We remember our City's loss, but we feel that out of the destruction there has come a dawn of a bigger, higher and greater life. The most sadly impressive sight I ever saw was San Francisco burning. The most inspiring impressive sight I have ever seen was the work of the men of San Francisco fighting to save the city; and when their properties had been destroyed, returning to rebuild—better than before—with an energy and a courage that has challenged the admiration of the world. The most beautifully inspiring sight I have ever seen was this great Exposition, created within the city limits, in the period of the reconstruction of the City itself. Downtown there will remain, as a part of this Exposition a monument to the

energy and courage of the people of this generation—a two million and a quarter dollar Municipal Auditorium.

There is here to-day our leader in the work of creating this great Exposition—the one who has led us through the stress and strain of its building. He has given of his time and of his resources—yes, and of himself, for the trial has been great: Mr. Charles C. Moore.

ADDRESS

BY CHARLES C. MOORE

President, Panama-Pacific International Exposition

Some way to-day seems to me to be one calling on the emotions. I feel, as I am sure you all do, that this day and hour brings forth thankfulness rather than vainglory. Nine years ago to-morrow there occurred—but let's forget the incident. Remember only the sentiment, the love, the humanity of it all. I scarcely know what to say that is appropriate. It makes it seem difficult to put in words what we feel. Your presence here this morning—this great, splendid turnout, can best be understood without translation. It is a splendid thing—this "Nine Years After" celebration; splendid in its riches of memory—the thoughts, kindnesses, assistances, cheer.

Seeing the military here, I feel as you all do that it is not inappropriate for a word of acknowledgment for the great help they rendered on those memorable nine years ago. All of us of the Exposition are of one thought, one feeling, one spirit on that service.

On this occasion of the "Nine Years After" celebration—the day of the insurance men—the beginning of their great week, it is probably very proper that we should recognize them with words of thanksgiving and appreciation. Some may say that for years they stood ready to meet such an event. But no, indeed! They couldn't have looked forward in anticipation to such a crushing, overwhelming thing, and the splendid way the insurance companies, as a rule, came forward, sustained us, carried out their obligations, made possible this great work. So there is due to them a word of acknowledgment.

There is also due them a word for the splendid commission of insurance men that have taken us at our word to recognize the insurance interests, that have, by their wonderful ability and enterprise, brought to this new educational center nearly one hundred and fifty congresses during the days of the Exposition.

I would be remiss, it seems to me, if I did not make definite and formal acknowledgment to W. L. Hathaway, the Commissioner of the World's Insurance Congress, and those splendid men associated with him, and the insurance men—here and elsewhere—that

have done so much for, and glorified and aided the Exposition. I feel, as I know you do, that they will glorify and aid the insurance world in letting us all, as laymen, better understand what their aims and high purposes are. Mr. Chairman, there is nothing else I have to say except to congratulate you. There has been drawn here not merely the numbers, but the spirit that counts.

Welcome to the Exposition! It is yours! Bear in mind there were many forces, many agencies, employed in its creation, and among them insurance must necessarily stand well to the fore.

CHAIRMAN, INTRODUCING MORGAN G. BULKELEY

President, Aetna Life Insurance Company

These ceremonies grew out of one held April 18th, 1914, in Machinery Hall, the first dedicated building, conducted by the insurance men. The Exposition, in recognition of all the insurance people had done, turned over to them that ceremony. One of the exhibits which they offered at that time to show what insurance had done, was the City of San Francisco, and really they had a right to do so. One of the floats of to-day bore the inscription—"Insurance stood between San Francisco and bankruptcy." Certain it is that out of the insurance money San Francisco was largely rebuilt. It would be sad indeed to contemplate our position had it not been for insurance. We want to-day, as far as we can, to give recognition to insurance and to insurance men for all they have done for San Francisco. We are largely indebted to-day for this ceremony to W. L. Hathaway, Warren R. Porter and William J. Dutton, and in trying to show them recognition, we have again become indebted to them.

There is here to-day a distinguished visitor. He stands alone in the insurance world. He represents every branch of the business. He is a man, too, prominent in public life. He was a United States Senator three times, and served as Governor of Connecticut. But if he hadn't done anything else, his coining of one phrase would have won for him undying fame. It was Morgan G. Bulkeley who said—"The Almighty hates a quitter."

ADDRESS

BY MORGAN G. BULKELEY

I recall that it was my privilege some years ago to give to the visitors from California that invaded Washington on behalf of this City my support. They have remembered their promises. This Exposition is a complete justification of the gentlemen who participated in that legislative canvass—that showing made by your State and City for the opportunity to demonstrate, not only

to the people of our country, but to the people of the world, the complete rehabilitation of San Francisco.

Now, Mr. President, I have been asked to speak to-day on the great interests with which I have been identified the greater part of my life (except at such intervals when I have given attention to public affairs), and to which you so gracefully concede are largely due the achievements of this City of San Francisco and its Exposition. I look with an eye of wonder at your accomplishments in the past nine years. You are a model for the world for your splendid courage, for your untiring energy, for your successful accomplishments, for the rehabilitation of your City that was practically in a day utterly destroyed.

In speaking as I do a word or two for this great interest, which I regard as the greatest institution of all times for the distribution amongst all of our people of the disasters, the misfortunes, and the woes that come to the individual few, this institution which I regard only as the almoner of the charities of people to each other, and the means, as I have said before, of a distribution of the misfortunes of the few among the many, I may say that it is the ripe experience of the managers of these institutions that prepare them to meet the great emergencies of disasters which come, and surely come, as we have seen them in the past, and as they will surely come in the future.

The great contribution of the class of institutions which I represent to the rehabilitation of your City, which involved the largest destruction of property by the fire element known to the world, was simply the gathering in from the people of their yearly contributions the necessary funds with which to redeem their obligations; and when they paid back to you, as they did readily and liberally—yes, almost without an exception redeeming their promises, they were but doing gladly the work which you entrusted to their charge. When these great institutions returned to you, not only your contributions (which were but a drop in the bucket), but the contributions of the whole country, and I might say the whole world, they performed it as willingly and as cheerfully as they ever performed any business transaction. More than two hundred million dollars was turned back to the people from this fountain which they had filled; and there were a lot of factors in other lines of the insurance business than that of fire that were helpful at least in furnishing the means with which to rebuild on a more permanent foundation this beautiful City we look upon to-day.

ADDRESS

BY ARTHUR ARLETT, FOR THE GOVERNOR OF THE STATE OF
CALIFORNIA

It is entirely proper that a word from our commonwealth to your great City should be said, and while I had wished that my

chief could be here in person to give recognition to the great forces which have made this celebration possible, still I am glad to present to-day his respects to these men who have made so much possible in past years through their great institution, and to those other men who, laboring here with a task almost insuperable, brought forth this great Exposition and this wonderful City, I am glad indeed to say the word of greeting and congratulation on the part of our State.

ADDRESS

BY JAMES ROLPH, JR.

Mayor, City and County of San Francisco

I make grateful acknowledgment in the name of the City of San Francisco to our guests who have spoken in such laudatory terms of our City and her deeds since she has arisen from the ashes. It is good to be here. It is good to be in this wonderful Exposition City. It is good to have the world celebrating with us here. It is good to have our guests from all parts of the country with us on this occasion. It is good to look around and see our rebuilt, magnificent, splendid city.

And when we think of what this City was in 1906, we can well come out here this afternoon and feel proud of the City that has risen, as San Francisco has, by the spirit, the courage, the enterprise, the ambition of people that have demonstrated to the world that they can overcome all obstacles.

The time is getting late, but I want to say, in San Francisco's name, that we shall never forget the prominent part that the troops played in saving our City. Neither shall I forget the prominent part that our boys in blue, the San Francisco firemen, played in saving the City. We shall never forget what every man and every woman did in those dark days to save the City, and how after three tiresome, hard-working days and nights the fire was stopped, and no sooner had the fire been stopped than San Francisco started to rebuild again.

Evidences of what she has done are manifest on every hand. We are glad to show this City to our guests from all over the world. We are glad to show them our new buildings, our new railroads, our new shops and stores, and our soon-to-be completed new City Hall, which is San Francisco's home typical of her character and the artistic taste of the citizens of this City.

I therefore say that it is good to be here. It is good to be San Franciscans, good to feel that we have taken part in what has transpired, and good to feel that our City, State, and the coast are going on by leaps and bounds.

And it is good to feel that we are going to have an opportunity, not only of playing the part that we did in reconstructing our

City after disaster, but of building here a City still more glorious than that which was before, until she really has become a great World City.

"NINE YEARS AFTER" THANKSGIVING SERVICES

COURT OF THE UNIVERSE—EXPOSITION GROUNDS

Sunday, April 18th, 1915

(Under the auspices of the Commission in charge of the World's Insurance Congress Events.)

On Sunday, April 18th, Thanksgiving services were held in the Court of the Universe on the Exposition Grounds. The following resolutions were passed by the leading clergymen and educators of California:

RESOLUTIONS PASSED BY THE LEADING CLERGYMEN AND OTHERS OF SAN FRANCISCO IN REGARD TO THE "NINE YEARS AFTER" EVENT

THE CITY OF SAN FRANCISCO was visited by a devastating fire on the eighteenth day of April, 1906, the destructive character of which was as great as that of any cataclysm known in history.

During the past nine years the world has witnessed the rise of San Francisco to a position stronger and more enduring in every respect than before the fire, and crowned by the World's greatest International Exposition, thus presenting in concrete form a contrast with the cities of the Old World that failed to recover from the catastrophes that visited them.

The City of San Francisco, built on this western outpost, is a geographical center with a growing trade between the Orient and the Occident, and stands as a preëminent illustration of what modern civilization may achieve through avenues of peaceful pursuits, as contrasted with periods when might and the sword prevailed.

And furthermore, from a careful analysis of the statistics and facts that contributed to the rehabilitation of this city, it appears to us to offer the most striking illustration of the great forces that made it possible. And chief amongst such forces we recognize that throughout, and by reason of, the long period of peace enjoyed by this Nation, there has developed a coöperative life, in which the brotherhood of man has been the primal factor. Thus, when the city suffered in the destruction of property to the extent of several hundred million dollars, the means for its replacement had already been provided for through that coöperative spirit known as "Insurance," to the end that the burden of this city's reconstruction fell very largely and evenly through that part of the civilized world of leading commercial activity. Nor does the

fact that a commercial spirit entered of necessity into the act diminish the force of the altruistic life thus presented.

THEREFORE, in recognition of the above facts, and the lessons which they convey, and on the threshold of the opening of the World's International Exposition, which stands for the pursuits that lead to the world's peace, we do hereby

RESOLVE, That on Sunday, the eighteenth day of April, 1915, we shall commemorate these world-known facts by services of Thanksgiving in all our respective places of worship, with sermons expressive of our gratitude to Almighty God that we are privileged to live in a land and in a community where the victory of the pursuits of peace has been so strongly demonstrated, and that in addition to the special services thus to be held, we shall hold a Mass Meeting in the Municipal Auditorium, to which the entire population of the city shall be invited in order that we may, in a spirit of unity, give public expression to our appreciation and thankfulness. And we do hereby further

RESOLVE, That this resolution shall be given to the press of this Nation and of the world, with the desire and belief that all people may join with us in commemorating a course of events which offer the strongest foundation, upon which an appeal may reasonably be based for the peace of the world.

EDWARD J. HANNA,
Bishop of San Francisco.

EDWIN H. HUGHES, D. D.,
Bishop of M. E. Church.

JAMES ROLPH, JR.,
Mayor of San Francisco.

DAVID STARR JORDAN,
Chancellor, Stanford University.

MARTIN A. MEYER,
Rabbi, Congregational Emanu-El.

WILLIAM KIRK GUTHRIE,
Minister of First Presbyterian Church.

E. R. DILLE, D. D.,
Pastor M. E. Church.

WILLIAM F. NICHOLS,
Bishop of California.

CHARLES C. MOORE,
President, Panama-Pacific International Exposition.

BENJ. IDE WHEELER,
President of University of California.

ROBERT NEWTON LYNCH,
Vice-President, San Francisco Chamber of Commerce.

CALEB S. S. DUTTON,
Minister of the First Congregational Church.

H. J. McCoy,
General Secretary, Y. M. C. A.

FREDERICK W. CLAMPETT,
Rector of Trinity Episcopal Church.

The speakers of the day responded to the topic—"San Francisco—The New City, Crowned by the Exposition: In the Triumph of Peace by a Coöperative Spirit, Through the Brotherhood of Man." The full program of addresses is given herewith:

INTRODUCTORY ADDRESS

BY CHAIRMAN FREDERICK W. CLAMPETT, D.D.

We are assembled in this Court of the Universe, nine years after the great disaster, to offer our Thanksgiving to Almighty God, the Source of all goodness and truth and love.

This day, nine years ago, the hearts of the men and women of this City failed them, as they realized the terrible nature of the forces of destruction by earthquake and fire.

It was enough to try the stoutest heart, but the awful test was met by a faith, strong and enduring. Out of that chaos of twisted steel and smouldering ashes a new San Francisco has arisen. It is a city of stronger foundations, of vaster area, of greater beauty, of more enduring type, and the material vision has been crowned by this marvelous world Exposition, which tells the story of the glorious achievements of art and science.

But this material strength and beauty are but the exponents of the unseen forces that made it possible. With a courage that defied every obstacle and a patience that won the admiration of the world the men and women pressed forward in the work of reconstruction.

This truly is a cause for the deepest thanksgiving, and yet it does not complete the vision. During those nine years there has entered into the life of the community a larger and more unselfish spirit. The problems that face our civic life are met by a spirit of altruism that speaks of better things.

While the old world is plunged in the horrors of a senseless war, working misery and death and every form of human suffering, the new world has been graciously privileged to engage in the glorious pursuits of peace.

Conscious of these great blessings we are here assembled on this day of sacred commemoration—in the beautiful setting of this World's Exposition, to express our heart-felt thanks to God, the Source of all goodness.

INVOCATION

BY RIGHT REV. WILLIAM FORD NICHOLS, D.D.
Bishop of California

O God, Our Heavenly Father, the High and Mighty Ruler of the Universe, help us truly to-day to enter into these Exposition gates with thanksgiving and into this Court with praise. After the earthquake was the fire and after the fire Thy still small voice to call us to a better civic life in turning to Thy Fatherhood and in quickening our sense of brotherhood in the common calamity. We humbly confess to Thee our shortcomings in all these nine years since. We have not lived up to the hopes and visions of those sobering days. In all our glow of civic pride we cannot shut our eyes to the neglect of Thy worship, the absorptions in the uncertain riches and vanities of this present world, the vices that drag men and women down to crime and degradation, our sore spectacle of wrangling municipal strife, and whatever else hinders us from our service to Thee in godly union and concord. If we say we have not these flagrant ills we deceive ourselves and the truth is not in us. But if we confess them we know that Thou art merciful and gracious to forgive us these sins and to cleanse us from unrighteousness. Have mercy upon us, O God, after Thy great goodness and according to the multitude of Thy mercies do away with our offenses. Open Thou our lips that we may the more acceptably show forth Thy praise as we Thy children of all names would blend our voices in glad and grateful symphony on this Anniversary day.

May Thy still small voice speak again to us in all the service and utterance before Thee and before this concourse of Thy people, so that it may shape the signal motive of this "Nine Years After" celebration.

Blessed be Thy name for this favored land, for the precious things of heaven, for the dew and for the deep that coucheth beneath and for the precious fruits brought forth by the sun and for the chief things of the ancient mountains and for the precious things of the lasting hills, and for the precious things of the earth and the fullness thereof, for the peace we enjoy, for our guns unshot, our war ambulances empty and stretches unladen and our home circles not battle broken.

Blessed be Thy name for this fond city of St. Francis, for its dauntless conquest of the great disasters, for the spirit of succor that kindled and warmed anew the brotherhood of the nation and of the world to help us help ourselves, for the speedy and splendid upbuilding, for all the business courage and acumen, for the high financial honor in banking and insurance reparation, for our large-hearted philanthropies, for the restoration and betterment of

Thy holy Temples and for all our roseate dawn of opportunity as our metropolis stands at the tryst, so big with meaning for the civilization to come, between the Occident and the Orient, portrayed here before Thee in this very "Court of the Universe" so inspiringly sculptured with its story of the weal and the woe of the destiny of man.

Blessed be Thy name for all the enchantment of this exhibit of the wonders Thou hast wrought by the genius of man, for Thy new pathways for the waters, for this world-record feat of a city crippled less than a decade ago, for this new register of human achievement in every avenue of human effort, but above all we praise Thee, we bless Thee, we glorify Thee for that Thou hast implanted in the breast of man a conscience to work for righteousness through the ages, a love for our fellow-man to assert itself in zeal for all human uplift, a consciousness of Thee and of Thy Providence and of the ever ennobling devotion to Thy worship. Stir up our high purpose to-day to see and to value and to use not only this wonderland of the things temporal that are seen, this Exposition of what man does, but that more vital exhibit in the realm of the eternal things that are not seen, that exposition of what man at his best may be in conscience, in love and worship, to the highest chivalric calls of time and of eternity. All this we ask in the Name of Thy Blessed Son, Who hast taught us to pray:

Our Father Who art in Heaven, hallowed be Thy name; Thy Kingdom come, Thy will be done on Earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses as we forgive the trespasses against us. Lead us not into temptation, and deliver us from evil, for Thine is the Kingdom, the Power and the Glory forever. Amen!

CHAIRMAN, INTRODUCING REV. JOSEPH P. McQUAIDE,
PH.D.

Bishop Hanna, who is unavoidably absent, has deputed to speak for him one who needs no introduction. We all love Father McQuaide, one well fitted to speak on San Francisco—he is a native son.

THE NEW SAN FRANCISCO

BY REV. JOSEPH P. McQUAIDE, PH.D., FOR RIGHT REV. EDWARD J.
HANNA, BISHOP OF SAN FRANCISCO

Two men, both distinguished in their respective stations of life, entered San Francisco in April, 1906, when the smoke was still issuing from the burning embers of the fallen City. One said, in

contemplating the disheartening scene about him, that it would take a race of giants twenty years to restore San Francisco. The other, in a short address before a gathering of the chief men of the City, declared that he was a citizen of no mean City, and that San Francisco would be, ere he reached the end of his days, fairer and greater than ever.

Apparently, one of these men did not know us, the other did. And, evidently, he who did—it was our late and beloved Archbishop—felt that San Franciscans had a faith in God as well as a faith in themselves. How well he spoke, and as we feel, thought, there is ample evidence about us to-day—nine years afterwards.

We who vividly recall the bitter suffering which following the disaster of April 18, 1906, cannot explain the hopeful buoyancy of the people, and their surety that a City more beautiful than the old but beloved one would arise, except by an innate faith of theirs that an Omnipotent Power would aid them. They felt, too, that the prayers as much as the eyes of the World were turned toward them, dimmed by the tears of a great sympathy and pity. Hence, they despaired not. There were no fears, no repinings. Men went about with a firmer step, and their heads were raised a little higher. Suffering was endured, and was met with the same courage, the same California spirit of manhood which was manifested especially by those who were our leaders through the days of trial. It was God in His kindly light leading us out of the encircling gloom.

It is no sin to have faith in oneself. It is a proud thing to feel, though prostrate, that you are not crushed. The year 1906 saw an appalling calamity, one that leveled our proud business blocks and left nothing but charred ashes of thousands of our beautiful homes. But this disaster only checked, it did not stay our progress. Before the embers were cooled, the New San Francisco began to rise, prouder, richer, more beautiful than before. The same spirit that animated the Argonauts of '49 was at work, with the result that we have our glorious City of to-day, nine years afterwards.

We had every reason to be proud of Old San Francisco. We love to remember it with a love truly patriotic. And yet, we have reason to love the New San Francisco more. The New City is the child of suffering and of heroic endeavor. And the prodigious development we see in it tells us that the years and centuries are ours. We were struck a blow that would have leveled many another City, and we confronted a suffering that tried our stamina to the depths—and we live, and live in splendor, and in the promise of greater things. Proud, therefore, we are, and as we ought to be, of our City.

CHAIRMAN, INTRODUCING BENJAMIN IDE WHEELER

The next speaker is one who, after fifteen years of hard toil in our great State University, has won the respect and devotion of all the people.

CROWNED BY THE WORLD'S EXPOSITION

BY BENJAMIN IDE WHEELER
President, University of California

I, for my part, have no particular mind to further celebrations of the earthquake. The fates of geography and the will of men have made that event no more than a passing incident. San Francisco looks forward and not backward. All her history so far has been but a preface. To-day she celebrates her entry into the lists as a world-capital. The opening of the Panama Canal gives her the place in the modern world which Byzantium held in the old. The first chapter of her history begins with 1915. The last paragraph of the preface covers the last nine years.

We stand here just nine years after the United States Congress in 1906 adopted the plan and started the work of the Panama Canal. That is the only "nine years ago" which I am willing to regard. With that year San Francisco in cauldrons of fire cleaned house and began the preparation of a new San Francisco to meet the new demands of a new place and duty before the nations of the world. The Exposition is merely San Francisco's "Coming-out Ball."

It shall be a New San Francisco. Not that we did not love the old. We loved her very dearly. We loved her for her open and above-board humaneness, in spite of her waywardness, for it was a waywardness of charm. We loved her because she was at home with herself. She had her own way of doing things and was perfectly content that others might have theirs. Call it, if you will, a generous and large-minded insularity. We who knew it can never forget that old San Francisco, its streets, shops, restaurants, theaters and general bonhomie no matter how gay and glorious this New San Francisco may become.

But surely a new city has been called into existence to meet a new need and take a new place in the economies of the world. It must be a broad-minded and open-armed San Francisco. It must not live on the peninsula alone; it must take in purview the sweep of all this splendid harbor land. It must be large-hearted enough to embrace Oakland.

What the old Dardanelles and Bosphorus were in the history of the ancient world, dividing the East from the West, that has

the once lonesome Pacific now become in the fact unfolding history of the new. The world has faced about; the ancient gate of the West was at Byzantium and the Golden Horn; to-day it is San Francisco and the Golden Gate.

For this large place and meaning our city must prepare herself. A new place makes a new duty. Here must be brought together and moulded and kneaded into peaceful community life all the bloods and ideals of the Occident. Here they must live together. Here, too, the Occident and Orient must meet in mutually helpful interchange of products and ideas and service. Here they must learn to know each other. Of knowledge is begotten tolerance. Attend now and listen: the reigning spirit of the New San Francisco must be tolerance—a large human tolerance toward bloods and creeds and points of view, a tolerance which shall be to the new city what its humanness was to the old, both sprung from the common soil of sympathy.

Called to the dominion of the seas, she springs forward to her task and opportunity—the new city that looks forth as the morning, fair as the moon, clear as the sun, and glorious as an army with banners.

CHAIRMAN, INTRODUCING DR. DAVID STARR JORDAN

A great educator, who is also a mighty champion for the cause of the world's peace.

THROUGH THE COÖPERATIVE LIFE IN THE TRIUMPH OF PEACE

BY DR. DAVID STARR JORDAN

Chancellor, Leland Stanford, Jr., University

Nine years ago saw this, our City, in ruins. It had seemed to have gone the way to be "one with Nineveh and Tyre."

Not quite a year ago we saw the continent of Europe beginning to fall into ruin in what seemed the same fashion. A year ago, I went—myself—through two hundred miles of burned villages, one after another. These were the villages of Macedonia destroyed in the last war in the Balkans, so many times destroyed before in other wars, but these were scarcely a drop in the bucket compared with the ruined cities scattered over so many parts of Europe.

Ours was an Earthquake; this was War. Our earthquake was a friendly thing, it was elemental; it bore no malice; it left no recrimination. It was on so mighty a scale that we could not lie about it. We could not exaggerate, for it had no motive. If

reached the limit. But the havoc in Europe was not elemental. It was not friendly. It was all due to the stupidity or wickedness of men, of some few men. Its operations were surrounded by an atmosphere of hate, an atmosphere of lies, and it will take half a century for the world to know the truth, for the nations to recover from the scorings of its hate.

Our earthquake did not kill many of us—in truth, it did not kill any of us who are here to-day—it did not destroy nor weaken the generations to come; it just knocked down the houses and then burned them up and left us to put them up again. It left us hope and self-respect while we were doing this. The earthquake in Europe not only destroys the property, but it destroys hope and courage and friendship. It wrecks the lives of millions of the very best men, and with these it destroys thousands of women and children unable to support themselves amidst these horrors.

It impoverishes the next generation. It will be a hundred years before the manhood of Europe comes back to what it was before the war. For war always selects the best for enlistment, and these it remorselessly destroys, and with them those who should have been their progeny. There is a Spanish proverb: "Lions breed lions; brave men have brave sons." But when the brave men fall, the next generations spring from those too weak to be used in war. Like the seed is the harvest.

We have a right to be thankful to-day that nothing worse than an earthquake comes to us.

We are here representing the arts, sciences, commerce, manufacture, insurance, all of the various bonds that bring men together. War stands in opposition to the welfare of each of these.

War rests primarily on three things—three kinds of stupidity and wickedness. These are: exploitation of foreign countries, militarism and the domination of force over law, and fatalism, the belief on the part of the people that war is inevitable and cannot be prevented. Half the civilized world supinely believes that war comes just as earthquakes do, or the rain, or snow, or sunshine, without men having anything to do with it.

War is not elemental. War is never inevitable. It is a monster that we make ourselves, and for which we are responsible. If the people in Europe had been awake to their duties, the few that wanted war could never have brought it on.

There is not one man in an hundred thousand that wanted this war and now not one in a million who wants to see it again. If this is true, can we not do a bit of organization against it? Can we not prevent world sickness by a little sanitation of governments?

Some men blame Christianity for not preventing this war. That is as much as to say that war is wicked and that it is Christianity's business to stop it. That is paying a very high compliment to Christianity. I hope it will deserve it in the years to come as it has largely deserved it in the past.

But again, finance did not stop this war. That is saying it ought to have done it. This war will cost, by the first of August, as much as all the farming lands in the United States are worth to-day. It has already cost more than the whole Empire of Russia would sell for. Finance ought to have stopped it. They could have afforded to have 10,000 men at \$10,000 a year each for ten years to work to counteract the evil influence of the hotheads and fire-eaters. To bring on war wantonly is the work of murderers, and the crime is none the less if the slaughter has the sanction of the State, or even the blessing of the Church.

Commerce does not stop this war. I saw the other day the finest ship ever built, costing \$10,000,000, divested of \$1,250,000 worth of inside furnishings. She was painted black and tied by her nose to a wharf at Liverpool, looking as sheepish as a great ship can look. She was turned into a collier to go about supplying war-ships in the open sea. The Cunard Company did not build the *Aquitania* because they wanted war. They were not envious of German Commerce. Whoever heard of an Englishman that ever envied anybody anything?

It was not German commerce that brought on the war. The Hamburg Company did not build the *Imperator*, paying \$9,000,000 for her—borrowing \$6,000,000 of it—for the sake of having her tied idle at the wharf at Hamburg. The North German Lloyd Company did not build the *Vaterland*, another of these same great ships, to have it shut up in New York, to be sold at last, maybe, for harbor-dues.

Insurance is one of the greatest of the functions that bind society together, giving security and basis for enterprise and for personal initiative. War operates adversely to all its interests. War destroys social unity, social security, personal initiative, democratic freedom, and paralyzes every form of progress. It has been at the beck and call of reckless exploiters in foreign countries, and its tools have been left in the hands of a small ambitious part of the community, those who form, from the standpoint of insurance, the best "risks." Their loss enfeebles the whole social fabric and entails the physical and intellectual exhaustion of the nation for generations. War leaves behind as fathers of the next generation, largely those weaklings that never insure. There is no form of equitable business that is not injured by war, and those forms of business, as the manufacturers of armament in which there is private profit in war time, should be taken over by the government. This line of enterprise is too dangerous to trust in private hands. It is for business men, particularly for underwriters, to begin a plan of insuring against war and similar international maladies and catastrophes.

There were not more than 50,000 people in Europe who desired this war, and less than that number to-day have any clear idea of what they are fighting for. If there had been 50,000 intelligent Europeans, compactly organized for Peace, and able to spend

a little money for travel and for investigation, they could probably have saved Europe \$40,000,000,000 and 6,000,000, more or less, lives. If we really desire peace and desire to avoid such ruinous catastrophes, we must do a little work for it. All the money ever raised in Europe for the promotion of good-will would not keep the present war running fifteen minutes.

The evil in regard to this war lies primarily in the fact that the people in most of the countries concerned were not allowed to have anything to say. War smashes the ballot box, and that is its ultimate purpose. The immediate cause is the desire of a few men to test their new material of destruction. These men are gathered together at the beck of reckless exploiters of backward countries. War keeps the people from watching their interests, or voting upon them, or doing anything except to pay and to die. The underwriters of the world should form a compact nucleus of an organization, with a small sum of money behind it, to promote the security and stability of international affairs.

Labor, industry, have no wish for war. It should be banded to prevent it. All the groups should have committees strongly braced against the bringing on of another such catastrophe, the senseless ruin of millions of men and women, the "picked half-million" of each nation; destroying properties on a scale which has never been known before, and cheapening the future of all nations as it has never been cheapened before, because it puts the future into weaker hands. The longest, most terrible cost of war lies in the fact that it spoils the breed.

We would welcome an earthquake at any time rather than being brought between the jaws of fratricidal, suicidal war.

CHAIRMAN, INTRODUCING RABBI MARTIN A. MEYER

One who through his constructive work in this community is well fitted to speak on "The Brotherhood of Man."

THE BROTHERHOOD OF MAN

BY MARTIN A. MEYER

Rabbi, Congregation Emanu-El.

The experience of April 18th, 1906, and the immediately succeeding days are indelibly engraven upon the soul of the people of San Francisco, for the incidents of those trying days stirred our souls to the very depths.

The great shock sent many a one to an early grave. The physical discomfort was the least factor in the situation. The fear of

the future, much more than the privations of the day, decided the fate of many a hitherto brave heart.

Of many more it made out-and-out epicureans. Seeing the accumulated efforts of a half century swept away in a moment seemed to prove to them the futility of provision for the future. Since things were so transient, they would sip the last drop from each fleeting moment and leave the future to care for itself. How indifferent their judgment was to one of the biggest factors in the rehabilitation of our city, the event has proven! For had it not been for the foresight of the many who had availed themselves of that economic institution which, popularly called insurance, is only the foreseeing and coöperative protection of the present for future needs and emergencies, had not the many availed themselves of this practical economic measure, the rebuilding of our city would have been seriously hampered.

But to the majority of our citizens, those trying days gave an experience of the realities of brotherhood and of the impulse of the ideal, experiences which will ever remain among San Francisco's most cherished possessions and traditions. For not since pioneer days had there been the experience of the realities of brotherhood. In those early days, all had stood side by side, equal, seeking fortune at fortune's shrine of toil. Brothers were they in fact, gladly sharing the contents of their meager larders and their well-nigh empty purses. And the Great Fire leveled our citizens and created similar conditions. Economic and social distinctions were destroyed and class merged into class, and for the once, class consciousness separated no man from his brother. All stood on an absolute level, for *need made all akin*. Once more they were brothers, just humans, anxious for bread, seeking shelter and protection from the elements. Service, capacity for work was the sole badge of difference. And for several days, San Francisco was tried, was tried as silver is tried in a fiery furnace; and pure humanity, undiluted brotherhood was the result. In the bread-line, banker and pauper were alike. And as the pauper's arm was frequently the stronger, he was if anything the more regarded, as there was need to work for the new City even though the fire still raged and the ashes were still hot.

We learned then, too, the value of *Labor*, that labor is the great vitalizing factor in economic values. The world might have supplied us with mountains of gold and silver; but labor quickened the dead mass and with its magic wand bade a city arise out of the ruins: and obedient it rose.

But not only from within did we learn of humanity and fraternity. Hardly had the world heard that our beautiful City was threatened with complete destruction, but that it opened its heart and poured the contents of its purse into our needy laps. Much was given from motives of the purest philanthropy; much more came from that great fund which the nations of the world had accumulated through coöperative and fraternal effort for just such

emergencies. Without this practical, businesslike manifestation of humanity's power of coöperation, our task of rehabilitation would have been impossible.

At the moment of our great loss we learned too of the value of the ideal, of a realizable ideal. For those brave hearts which planned the new on the ruins of the old were led on by a vision, by the vision of a city finer and better than ever before. All worked together for a common end. The New San Francisco is the creation of no individual but is the realization of a people's hope. There is pardonable exultation in our hearts to-day for what we have done, even though at the same moment there may be the sobering consciousness of those things which we have failed to do. As a matter of fact, we are a bigger, finer, healthier and happier city than we have ever been. Much as we have accomplished, there still rise before us the possibilities of bigger and better things. And to the realization of this further vision thousands of earnest and noble men and women are devoting their best efforts. For San Francisco will not rest satisfied till that it be a City wherein all may walk in peace and dwell in safety. The new City was built not only to satisfy our loyalty to the old, but as a pledge of our hope for the new order of things. It was built in answer to a dream and was consecrated by the brotherhood of a people who were made one in suffering, in service and in sacrifice.

And what was San Francisco's in those trying days, and what she has since realized, is not only her own, but a trust for the days yet to come, and for all the peoples: the earth. For Brotherhood can never be selfish, even in its least expression. To-day we stand as the first city of this western coast. We are to be the emporium of the new basin of the world's history; not only an emporium for trade in goods, but above all else, an emporium for the exchange of ideas. For here again the East and West meet, and whenever two dissimilar civilizations meet, out of the conflict is born a new world harmony. The completion of the Panama Canal puts us at the point of vantage for this historical mission. From the distant river valleys of the old east, slowly making its way about the shores of the Mediterranean, across Europe, working its way northwards and westwards, Civilization has made its steady advance. For four centuries, the Atlantic has been the scene of the conflict of the peoples. Our great Pacific, with its prophetic name, will be the amphitheater in the not distant future of the next steps of the world progress. And we of this city and of this coast will be the mediators between the East and the West, between the old and the new, between the culture of Europe and the no less suggestive culture of the new-old East.

Already we of the Coast have developed something unique out of the elements which the seventy nations of the world have brought to us. Distinctively European, it is nevertheless tinged with foreign colorings. Our schools and colleges are the Mecca

of thousands of anxious pilgrims, who come as the forerunners of a great mingling of cultures. We shall here interpret the West to the East and reconcile the East to the West. It is a high and holy task for which our great experience in brotherhood has prepared us. We can but compare our past to that of the ancient city of Alexandria. Situate in Egypt, built by the genius of one of the greatest of the Greeks, peopled by representatives of all the nations of the world, it became the mediator between the Orient and the Occident. There Hebraism was assimilated to Hellenism, and Hellenism adapted to Hebraism; and out the harmony was born one of the greatest of the world's movements, that complex which to-day we call Christianity.

May each day's setting sun, as it gilds the wide-reaching waters of the broad Pacific, build a golden bridge by which we may cross to the brethren of the East and bring them our message of righteousness and truth, of peace and good-will, of fraternity and of brotherhood.

So brothers all, let us to our task; and may the San Francisco of to-day, the new City, be the earnest of a new era in the world's history, wherein all the families of the earth, in mutual respect and appreciation, may develop the fullest implications of the divine thoughts of the Fatherhood of God and the Brotherhood of Man.

FIRE UNDERWRITERS' DAY

COURT OF THE UNIVERSE—EXPOSITION GROUNDS

Wednesday, April 21, 1915

(Under the auspices of the Commission in charge of the World's Insurance Congress Events.)

The next public event of an insurance nature was Fire Underwriters' Day, Wednesday, April 21st. It was held in connection with the thirty-ninth annual convention of the Fire Underwriters' Association of the Pacific, one of the many gatherings of that nature centering in San Francisco as a result of the work of the Insurance Commission of the Exposition. An automobile parade passed from the insurance center of the City to the Exposition Grounds. There the fire insurance men were received by Exposition officials and escorted to the Court of the Universe—the scene of that day's celebration, where the following program was carried out:

ADDRESS

BY W. L. HATHAWAY

Commissioner, World's Insurance Congress Events of the Panama-Pacific International Exposition

Ladies and Gentlemen—Members of the Fire Underwriters' Profession:

It is my desire to-day to give you a correct understanding of the significance of this occasion to the great business which you represent; for this occasion is significant—unique—in the history of insurance and of this Exposition. So far as I am informed, this is the first time in the course of the world's events that insurance in any form has been accorded the honor that will be extended here to-day through the presentation to your Association by President Moore of a medal commemorative of the services performed by the companies which you represent—services without which this international undertaking could never have been born.

The Panama-Pacific International Exposition was authorized to exploit to the world an understanding of the extent of the various arts and sciences of the present day.

In previous expositions all other forms of activities than Insurance have been afforded their opportunity to display to the world an understanding of what they were doing for the happiness and comfort of mankind. But in no great public undertaking before has Insurance been given that opportunity.

It is therefore, indeed, a matter of greater importance than it might casually appear that Insurance grasp this opportunity and bring to the attention of the world what it is doing to benefit mankind, for at the present time, from the standpoint of social service rendered it is actually the leading influence of the Nation.

Henceforth, as a result of the events of the past week and those of an Insurance nature which are to come in the Exposition period, there will at no time in the history of the world be a great national undertaking such as this in which Insurance will not receive its full meed of recognition. This, however, will more certainly be the case, and the institution of Insurance will receive greater credit, in proportion to the success which Insurance makes of the part that has been assigned it in the events of this Exposition.

I think a word of special commendation should be given to those men connected with the fire insurance business who have come to the front so splendidly and organized not only this meeting, but have played a goodly part in the organization of the program of last Saturday. I especially refer to men like the President of your Association, Mr. Medcraft, and Mr. Meade, and more partic-

ularly, Mr. Williams, who has been untiring in his efforts for the success of these occasions. The far-reaching importance of the success of this occasion entitled them to your heartiest commendation.

I also desire, Ladies and Gentlemen, that you have a correct understanding at this time of how this recognition, this opportunity to appear before the world and give the public an understanding of the great business which you represent, came about.

I feel you should understand that while this Exposition has given you the opportunity, it is due most particularly, as mostly all great things are, to one man—a man who has grasped the significance of Insurance, yet who is in no way associated with the business, but who, as President of the Exposition, determined to fulfill its obligations to give to all equal chance to exploit to the world a thorough understanding of the benefits conferred upon humanity by the particular activity represented by each, has readily been brought to understand the part that Insurance played and is playing in the realms of social service, and has so readily accorded to Insurance the place which is its due, but which has been previously denied it while being granted to many other activities but small in comparison to that which you represent.

In presenting to you the President of the Panama-Pacific International Exposition, Mr. Charles C. Moore, I wish to say that the Insurance business—of to-day and of to-morrow—owes him a great deal of appreciation. I believe that, when Insurance assumes its place as a world power, and when Insurance history is written, this occasion will be pointed to as the first mile-post on its road, and that at the head of its history will be placed the name of the man who has contributed more to the success of Insurance—more to the possibility of its attaining its proper social and economic position than any other one man. Ladies and Gentlemen, I present to you, Mr. Charles C. Moore.

ADDRESS

BY CHARLES C. MOORE

President, Panama-Pacific International Exposition

When Mr. Hathaway brought his plan to me and showed me what an important factor Insurance was in the world, I became a convert. For I had thought that insurance men were men who for a certain sum would make a promise to do something that they hoped they would not have to do; but since Mr. Hathaway and his associates brought to me and showed me, a plain business man, what Insurance is, I have seen that Insurance is more than a commercial spirit—it is benevolence—philanthropy. I am glad

to be here, to know that the world will know more of Insurance. People do not recognize the great good accomplished by Insurance. I wouldn't be denied the privilege of coming here to-day to tell you that Insurance deserves its proper place in the world's activities.

If the Exposition helps to bring Insurance into its own, that is what the Exposition is for, and I and the Exposition officers will feel gratified. I am a business man, I am localized; but you—you are world-wide.

Mr. Moore then presented to the Fire Underwriters' Association a bronze plaque in commemoration of the day and the Exposition. Retiring President, R. C. Medcraft, received the medal and thanked Mr. Moore for his courtesy, and for the recognition extended by the directors of the Exposition. He spoke as follows:

ADDRESS

BY R. C. MEDCRAFT

Retiring President, Fire Underwriters' Association of the Pacific

Many of us were present on Saturday last at the composite celebration which was at one and the same time a memorial of the City as it was before the fire, a testimony to the reconstruction of its buildings, and an act of homage to the creative genius of this beautiful Exposition in the grounds of which we are to-day assembled.

Our presence on Saturday testified to the fact that fire insurance is one of the factors which contributed not only to the physical reconstruction of the city, but also to the rehabilitation of the community itself.

To-day we stand on somewhat different ground and lay our garland at the feet of the symbols which surround us, in full assurance that the noble profession to which every one of us is proud to belong is being written into the historical annals of California, and is receiving that individual recognition which is its due. For I would have you remember, sir, that the science of fire insurance is as ancient as that of law, or medicine, or architecture.

It is very true that after the first evidences which are discernable in the history of the long ago, of its recognition, there occurred for economic reasons, which I need not now recount, a very long interval in which it lay dormant. But since that great day in the seventeenth century when the practise of fire insurance entered upon its definite career it has continually developed and widened its beneficent influence, until it has overspread every portion of the commercial world.

I repeat, sir, that it is a venerable science, and indeed has many

a notable achievement to its credit. Its principles are as immutable as the hills yonder, but its practical developments are flexible and adaptable to every requirement of our times.

There has been in existence on this Coast for nearly forty years an organization known as the Fire Underwriters' Association of the Pacific. Its origin partakes of true romance and its members are proud to know that there are still among them eight of the original founders. It has always had two marked characteristics—the one educational, the other fraternal. Its membership has always been comprehensive. We have, sir, among ourselves, different schools of insurance practice. In each school are found the same sense of responsibility, the same honest intent, the same brain work. But the Fire Underwriters' Association takes no account of school or standpoint. It embraces them all within its ample folds, and hence is able to present to you, sir, to-day, as a unit the entire fire insurance fraternity of the Pacific Coast, and indeed of the United States. In the name of that vast unit, I thank you, sir, for this official reception, and present to you, as our spokesman, one whose name is known from San Diego to British Columbia, thence to Northern Maine, thence to Southern Florida and back again to San Diego—an active, civic worker, a former member of our Association, and now an honorary member—Mr. William J. Dutton.

ADDRESS

BY WILLIAM J. DUTTON

Ex-President, Fireman's Fund Insurance Company,
San Francisco, Cal.

Mr. President, Ladies and Gentlemen, Friends all: The first thing I think I should do is to apologize to you for appearing before you with a written speech. There is a reason for it. My preference would have been to have selected my topic and then depended upon Providence. The reason for my written speech is the activity of our, what I might call, insurance newspaper department. For know ye that, with the carrying on of this Exposition here, an enterprising newspaper organization has started something never before attempted, and has commenced the putting out of a daily insurance newspaper. And the gentleman in charge of it sent his printer's devil (or some other one) to me, demanding a copy of my speech. I said I had none. He said they must have it. So I have written them one.

As I look about among these peace blessed surroundings, I can but contrast them with the conditions in other parts of the world—with the situation among European nations. While elsewhere the nations are facing an almost world-wide war, our people are

here gathering to demonstrate and to celebrate the accomplishments of peace. While Europe is bathed in blood and adversity, our country is basking in the sunshine of prosperity. While other so-called enlightened nations have been training their boys for soldiers and straining every nerve to kill one another, we have been equipping Red Cross chapters to succor the wounded and have been sending shiploads of provisions to alleviate the distress of non-combatants, thus to fulfill the Scriptural injunction "Bear ye one another's burdens."

This precept, second in importance only to the Golden Rule, furnishes the solid foundation upon which is built the whole superstructure of underwriting. In the early days of scattered risks and small community values, it was not difficult for neighbors to mutually protect one another against loss by fire. But, with the growth of cities and the extensions of commerce, the great fire insurance corporations became a necessity. Insurance has been known as the handmaid of commerce. That is not broad enough. Capital is the *life* and Insurance is the *life preserver* of commerce. Under its protecting ægis, the fleets of the world travel the seas in commercial pursuits. The merchant is able to give and receive credit, and the banker rests firmly and safely as the custodian of other people's money.

Without the aid of underwriting this Jewel City would never have arisen, nor could its founders have secured the wonderful collection of articles which adorn its aisles and fill its palaces. And never was the value of great insurance corporations shown more fully than at the time of our conflagration of 1906. The President has referred in glowing terms to what underwriters have done for San Francisco, and to the settlements made at the time of the conflagration. His statements are true, and his commendation is well deserved. But there is really due a broader commendation than that which he has given—it should include all our citizens. While it is quite true that, in the number of cents on the dollar, underwriters paid more at the time of our settlement of conflagration losses than was paid in previous similar cases, as at Boston or Chicago, still there was reason for it. The companies involved in these previous disasters were mostly small concerns, with neither pride of permanency nor experience of management. The large and financially strong and seasoned companies then as now paid promptly and well sustained the underwriting integrity of both America and England. But there was another reason for the satisfactory settlement of our San Francisco losses. The integrity of our underwriters only kept pace with the energy of our people, and only measure up with the bravery of all the population of San Francisco. Our resident insurance men were simply a part of our community, only a unit of our citizens engulfed in the same avalanche of ruin and imbued with the same spirit which defied disaster and denied defeat. Visiting underwriters and adjusters caught this spirit of local

pride and ambition, and "fellow-feeling made us wondrous kind." Had our citizens faltered at that time our underwriters would have lost their enthusiasm. Cold calculation would have supplanted generosity. Perhaps a few millions of dollars would have been saved by underwriters, but the opportunity would have been lost for our presence here to-day to receive, at the hands of our fellow-citizens, the tribute, "Well done, good and faithful servants."

Mr. President, we, the Fire Underwriters of San Francisco, among whom it has been my honor and pleasure to have passed a long term of business life, gratefully accept this token of appreciation which will for future years grace the archives of fire underwriting of San Francisco, as a permanent and visible record and recognition of merit and a reminder also of this Exposition, which will stand as a model for future generations to strive to equal, though they may not excel.

ADDRESS

BY ROLLA V. WATT

Ex-President, Board of Fire Underwriters of the Pacific

The origin and development of methods of relief for the individual loser through the contribution of the many is an interesting study. Communal provisions for such relief were evidently resorted to in very early days. In England and Germany guilds were formed, usually among people of the same religious faith—one of them, that of the Blessed Mary (1218), proclaimed its good offices as follows: "Help is Given in Case of Loss by Fire, Murrain, Robbery, or other Mishap, so that such Loss Come Not Through His Own Lust, or Gluttony, or Dice-Play, or other Folly, viz: 2d."

Marine insurance became a factor in commerce in advance of fire insurance. No less eminent a man than Francis Bacon interested himself in the business to the extent of offering an insurance bill in the House of Commons in 1601. In presenting the bill he said: "A certainty of gain is that which this law provides for. This is the lodestone which draws him on to adventure and to stretch the very punctilio of his credit."

This bill was considered by a notable committee, Sir Walter Raleigh, Mr. Dr. Caesar (Judge of the Admiralty Court), Sir Stephen Soam and Sir Francis Bacon, and was adopted.

Organized fire insurance, as practised to-day, however, may be said to have originated following the great London fire in 1666. This historic conflagration was a most appalling calamity; over 80 per cent of the buildings in London were destroyed, while the property loss was estimated at 10,000,000 pounds, or \$50,000,-

000—a sum which at present values would perhaps equal the proportions of the San Francisco disaster. The loss, however, in that case fell almost entirely upon the people whose property was destroyed.

Recovery from this conflagration was slow, but almost immediately individuals undertook to supply, by private contracts, guarantees against fire losses, and in 1680 a partnership called "The Fire Offices" was formed. Other partnerships, corporations and friendly societies sprung up from time to time, and in 1681 the City of London attempted to make itself a municipal fire insurance company. The enterprise did not prosper and was abandoned in 1683. The fatalities among insurance companies during the 248 years since the first fire insurance office was opened have been startling. There have been 809 fire insurance companies or societies promoted in Great Britain since 1667, 80 per cent of which have failed or otherwise retired from business.

During all the intervening years there has been a struggle for the maintenance of the altruistic idea of insurance—a conflict between the broader and the narrower view of the business. Many can only see the selfish business profit-seeking features of the enterprise, but broader minded men have recognized the commercial necessity, the economic value of this branch of social service. In 1755, Nicholas Magens, writing on the subject, said: "Insurances promote trade and navigation and thereby the risks of diligent, industrious and inventive persons of small capital are so lessened that they may engage even in important undertakings."

Evidently in that day there were those who inveighed against the profits which the companies were making, for Adam Smith in his "Wealth of Nations" (1776), said: "That the chance of loss is frequently undervalued and scarcely over-valued more than its worth, we may learn from the very moderate profits of insurers. . . . It seems evident enough that the ordinary balance of profit and loss is not more advantageous in this than in common trade." He goes on to say, that "Before the establishment of the two joint stock companies for insurance in London, a list, it is said, was laid before the attorney-general of 150 private individuals who had failed in the course of a few years." He adds: "The trade of insurance gives greater security to the fortunes of private people."

Fire insurance has, however, received little assistance or encouragement from the various governments. As early as 1694 a stamp duty was imposed upon fire insurance policies which was gradually increased until it reached 3 cents for each 100 pounds insured. The tax was strongly objected to "as a discouragement to prudence and as disproportionate in rate to the cost of insurance, but it was easily collected and yielded a large revenue and, therefore, naturally died hard." In 1864 the tax was partially removed and finally expired in 1869. That was in England.

In the United States the tendency is towards increased taxes

until they have become a veritable burden upon underwriting institutions. Unfortunately, there is now a tendency to so hamper and control the business as to make it unprofitable and, therefore, unstable. Unwittingly, the legislators, many of whom are not business men, many of whom have not the slightest grasp on the theories of commerce or trade, for political purposes, without regard to the welfare of the community, adopt measures well calculated to discourage capital from entering this business so essential to the prosperity of the commonwealth.

Antagonistic insurance legislation is usually popular because insurance companies are regarded as tax-gatherers, which, in fact, they are. Moreover, most rate-payers, in the nature of the case, do not receive any direct money returns since the few only suffer from fire loss. The opposition to insurance is more common than to even railroad, electric or water corporations, because all of the rate-payers of the latter corporations receive something in exchange, while the insurance companies give only an intangible guarantee of indemnity against a contingency which comes to few. Happily there is a tendency to recognize more definitely the good offices of insurance.

The insurance business was early introduced into this country. Many companies, both stock and mutual, were organized and ran their more or less precarious careers.

In 1837 the State of Massachusetts provided that fire insurance companies should maintain a fund to guarantee their contracts being carried out. This action marked the entrance of the State into the insurance field and from this modest beginning has gradually developed the extensive, and, in some States, obstructive legal systems now prevailing. We must all concede that it is not only the right but the duty of the State to maintain such supervision over the business as will result in the maintenance of safe reserves and in their proper investment.

The first great conflagration in this country occurred in New York, December 16, 1835. It destroyed property to the value of \$15,000,000 and bankrupted twenty-three out of the twenty-six companies doing business. In 1851 there were two conflagrations in San Francisco which destroyed 3,750 buildings, with a property loss of \$16,500,000. Then came the great Chicago fire of 1871, where 17,430 buildings were destroyed, with a property loss of \$168,000,000, which bankrupted forty-five insurance companies. A year later came the Boston fire, with a loss of \$75,000,000; and then the St. Johns, N. F., with a loss of \$25,000,000; then Baltimore, with a loss of \$50,000,000; and finally, as a climax, San Francisco, with a loss of \$350,000,000. It is noteworthy that fewer fire insurance companies were bankrupted by enormous losses sustained in San Francisco than by the Chicago conflagration, with less than one-half the total loss, or even the New York conflagration of 1835, aggregating a loss of only \$15,000,000. This, as one writer says:

"Offers evidence that the interests of the insurance companies are probably under more scientific control and that they have evidently more than kept pace with their enormously increasing responsibilities."

If the true social service values of fire insurance are properly recognized by the public and by the legislatures of the various States, there is every promise that in the future the companies will so manage their affairs as to be able to meet any strain which may be put upon them.

"The causes of fire are of far greater variety than is commonly known; there are hazards almost infinite in number, for practically every substance and almost every process of labor, manufacture or commerce is, under certain circumstances, or in certain relation to other articles or processes, productive of danger from fire."

To develop a rating system which will meet the hazard insured against has required long years of patient, painstaking care and experimentation. Originally, rates were made by guess. Schedules have been developed covering various classes of hazards whereby standard risks take minimum rates, and departure from standards are penalized by certain fixed percentages to the basis. By means of schedule rating, companies are able to point out to the insured improvements which may be made whereby the rate will be automatically reduced. While the rating systems are still far from perfect, they have, nevertheless, been wonderfully improved during the last few years and will continue to improve. A determined effort is being made to prevent discrimination as between risks, localities and individuals. A difficult problem to deal with is the moral hazard, the cost of which must be loaded into the rates as a whole, for, obviously, a charge for moral hazard cannot be added to any specific risk.

It is difficult to make the public understand that insurance companies prefer low rates to high and that they are constantly endeavoring to suggest methods for the reduction of the fire waste. To that end the companies maintain, at a very large cost, a laboratory at Chicago for testing lighting, heating and other devices with a view to determining their safety, and for trying out fire extinguishing and other fire prevention apparatus, for testing building materials, etc. The companies have also, at large expense, provided building and electrical installation codes for the guidance of public officials. Practically every important town and city in the United States has been inspected and reported upon as to construction, protection and conflagration probabilities by the most eminent engineers available. Inspecting, surveying and rating departments are maintained in numerous cities throughout the country. All of this constitutes a public service rarely recognized or appreciated, but, nevertheless, of the greatest possible value to property owners and a service which, in the

nature of the case, could not be rendered except through associated effort.

Forms of policy contracts have been gradually broadened and made more and more favorable to the insured. The general use of the coinsurance clause tends to the equalization of insurance cost.

I have resisted the temptation to refer to the magnitude and importance of fire insurance in dollars on this occasion; but it may not be out of place for me to close with a brief reference to the relation of the business to our own City and State. The conflagration of 1906 reduced 400 blocks of buildings to ruins; 28,000 houses were destroyed; the property loss was approximately \$350,000,000, the companies paid approximately \$200,000,000. We drew upon the whole civilized world for relief. The reserves of many companies were more than exhausted and to enable them to continue in business it was necessary for them to pay in new funds to the extent of more than \$50,000,000.

San Francisco is a monument to the practical value of fire insurance. As has been well said in commemoration of the Ninth Anniversary of the San Francisco Conflagration:

“When the City suffered in the destruction of property to the extent of several hundred million dollars, the means for its replacement had already been provided for, through that coöperative spirit known as ‘Insurance,’ to the end that the burden of this City’s reconstruction fell very largely and evenly through that part of the civilized world of leading commercial activity. Nor does the fact that a commercial spirit entered of necessity into the act diminish the force of the altruistic life thus presented.”

FRATERNAL DAY

COURT OF THE UNIVERSE—EXPOSITION GROUNDS

Thursday, April 22nd, 1915

(Under the auspices of the Commission in charge of the World’s Insurance Congress Events.)

Fraternal Day, Thursday, April 22nd, was fittingly observed by a monster parade, composed of fully one hundred decorated automobiles, a number of floats and tallyhos, and thousands of marching fraternalists from all over the United States, which entered the Scott Street entrance of the Exposition Grounds and passed the reviewing stand in front of the Fountain of Energy. Here thousands of fraternalists gathered to hear the addresses made by their national leaders. Charles W. Dempster, Supreme Secretary of the Fraternal Brotherhood, and Chairman of the Fraternal Day Committee, opened the exercises and explained the

reasons for the gathering—Fraternal Insurance. He then introduced the Hon. John J. Lentz, national President of the American Insurance Union, as Chairman of the Speakers' Committee, who spoke as follows:

INTRODUCTORY ADDRESS

BY JOHN J. LENTZ

Special Chairman, National President, American Insurance Union,
Columbus, Ohio

Ladies and Gentlemen: The Panama-Pacific International Exposition extended us no ordinary privilege in setting apart the 22nd of April, 1915, as Fraternal Day, and the thought that is uppermost in my mind is that of the significance of this meeting of the Fraternalists of a continent, here on these grounds where the grandest exposition of the world is the proud boast of San Francisco and of California. The thought that is uppermost in my mind is that of the significance of such a meeting as this under the auspices of such men as constitute the management of this Exposition. There was a time when business men were inclined to believe that fraternal life insurance associations were not worthy of recognition. There was a time when the business men thought the fraternalists were more interested in dress parade swords, belts and feathers than in the financial integrity and trustworthiness of their promises to pay widows and orphans after the grim reaper had taken the bread-winner away, and unfortunately some business men still think that the fraternal life associations are of short duration, offering but temporary protection. Prejudice strikes its roots deep in the minds of many men, and many failures in business, in society and in politics are due to prejudice. The man who cannot revise his opinions and correct them from time to time by keeping pace with the new thoughts, the new facts and the new discoveries is very apt to be a failure, and whatever his business or profession may be, his prospects for success will decrease in exact proportion as his prejudices increase.

We, the representatives of the life insurance fraternities, consider ourselves fortunate in this opportunity to share with you to-day the beauty and inspiration of this great Exposition, and while doing so, to call your attention to the gigantic proportions of our benefactions to humanity. You will be surprised to learn that we are but a few of ten million policyholders in the United States. As members of the National Fraternal Congress of America, we represent organizations that have for several years been distributing a hundred million dollars annually, or two million dollars a week, among the widows and orphans of the United

States, many of whom would be left penniless were it not for the business sense, as well as the fraternal spirit, of such men and women as constitute the National Fraternal Congress.

There was a time when the life insurance fraternities were justly criticized for passing around the hat after death, but these criticisms are unfair and unwarranted to-day. There has been progress in fraternal insurance just as there has been in facilities for transportation. There was a time when it took several months in stage coaches, buckboards and on horseback to cross the American continent, but we have brought our transportation facilities out of the prairie mud and off the corduroy roads across the marshes, up to the steam and electric railways, carrying palaces at the rate of a mile a minute, and substantially in the same period we have brought fraternal life insurance from a basis of charity and catch-as-catch-can up to a scientific, actuarial and financial system in which each and every one of the ten millions of policyholders is being educated and trained to pay the actual and full cost in small monthly premiums, and thus we of the fraternal societies stand ready to pay to our beneficiaries one hundred million dollars a year, and doing so we resent the charges and insinuations that the fraternal associations are furnishing temporary insurance. We are increasing the benefits every year, and for many years have been paying life insurance one hundred cents on the dollar into the homes of one-third of the total population of the United States. With all the misrepresentations and insinuations against the fraternalists, we are to-day paying every policy in full, one hundred cents on every dollar, and it can safely be said that with the steadfast and rapid increase toward adequacy of rates, substantially every life insurance fraternity doing business to-day will pay its every policy in full as it matures. I might go farther and say of the great life insurance fraternities of America, that they are now among the greatest financial institutions of our great Republic.

Two years ago I had occasion to make some examination of old line and fraternal life insurance, and I found that for every hundred dollars paid to the old line companies they returned to their policyholders, in one form or another, only thirty-three dollars out of the hundred. I also found that for every \$42 paid to the fraternalists, they returned to the families and their members \$33. In other words, old line companies charge \$67, while the fraternalists charge only \$7 to collect and pay their widows and orphans \$33.

In the State of Ohio, the old line companies collected 30 millions of dollars and returned ten millions. In the State of Pennsylvania, they collected \$54,000,000 and returned \$22,000,000. In Michigan they collected \$10,000,000 and returned \$3,000,000. In Indiana they collected \$12,000,000 and returned \$4,000,000. Yes, we of the fraternal system are thankful to you gentlemen of the Exposition for giving us an opportunity to call to your attention the

fact that we are selling life insurance at actual cost, and in doing so we are teaching you that you can have all the life insurance you desire or need to protect those dependent upon you at a cost of about one-third what you are now paying for old line insurance. Why should business men pay thirty dollars for life insurance that costs only ten? You are entirely too sensible, entirely too wise, to pay \$15 for a pair of shoes when you know you can buy them for five, or pay fifteen cents for a pound of sugar, worth only five. The mission of the National Fraternal Congress of America is to liberate you business men from the heavy cost and tax of life insurance. Our mission is to tell you that "What God charges for life insurance costs but little; what man charges makes it so expensive as to place it beyond the reach of those who need it most." It was Goethe, the great German poet, who said: "Who is the happiest man? He who can rejoice in the success of his neighbors." I take the liberty sometimes of modifying this and asking, "Who is the greatest of men, as well as the happiest of men?" and I answer it in the language of the poet, "He who can rejoice in the success of his neighbors." We of the fraternal system rejoice in the success of our old line life insurance neighbors. We do not envy them, we bear them no ill will, and we would not be unfair enough nor untrue enough to ourselves to do other than rejoice in their success. But whatever may be their success in the financial world, our fraternal life insurance system is moving on with such rapid and lengthy strides that the day is near at hand when our associations will have demonstrated to the world not only our capacity to receive and distribute life insurance at one-third the cost charged before we entered the field of competition, but also that we are paying larger sums to widows and orphans and distributing the money to millions of families who would have had no insurance at all but for our coming to them and tendering them our services.

It was Lincoln who said: "I hope it will be said of me when I am dead and gone, by those who knew me best, that I always plucked a thistle and planted a flower where I thought a flower would grow."

We of the fraternal system are plucking the thistles and planting flowers for millions of families where no flowers would grow **were it not for our insurance.**

There is still one other thought and I am done. We of the fraternal system are binding this American Republic and even the Dominion of Canada together with fraternal bands of sympathy and comradeship that are stronger than the steel bands that stretch across our continent in the service of the great railway systems. We are making friends out of strangers. We are making comrades, brothers and sisters in a great continental household. We are bringing to each and every one of our ten million members the great wealth referred to by Emerson, when he said, "To be rich in friends is to be poor in nothing," and we of the

fraternal system are rich in friends. A grander manhood or womanhood never graced or blessed any nation, empire or continent in the history of the world than the fraternal manhood and womanhood represented by the National Fraternal Congress of America. Well may we fraternalists quote the beautiful thought of that great spiritual, poetic soul, Schiller, in saying:

“If thou hast something, bring thy goods,
And a fair exchange be thine.
If thou art something, bring thy soul,
And intertwine with mine.”

Mr. Lentz then introduced Mr. W. L. Hathaway, Commissioner for the World's Insurance Congress Events of the Panama-Pacific International Exposition, who spoke as follows:

ADDRESS OF WELCOME

BY W. L. HATHAWAY

Commissioner, World's Insurance Congress Events of the Panama-Pacific International Exposition

It is signally fitting that the closing events of Insurance Week should be celebrated by the fraternal orders of the country.

Fraternity! The very word itself is redolent of the insurance idea—the insurance spirit. There may be—there are—many classes of insurance, many methods by which men are taught the principles of protection, and they all make for better manhood and a higher sphere of citizenship; they all cement a little more tightly the bonds that through insurance form the great Brotherhood of Man.

The Panama-Pacific International Exposition has given insurance a place among the arts and sciences never before accorded it in such an undertaking, and to-day we are not only acknowledging by your presence here in such numbers the justice the Exposition has accorded the insurance idea, but you are helping to spread the gospel of protection; you are, in protecting yourself and your loved ones, carrying out the sacred injunction “Bear ye one another's burdens.” That represents the basic idea of the great Society of the Insured that brings to man the peace of mind from duty well done.

Insurance by its very force is making a great impress upon the world; we are attempting to give it substance, and in these demonstrations which began on Saturday with the “Nine Years After” celebration, we started on its mighty way the message of the spirit of insurance that will find its crown in the World's Insurance Congress in October, through which we hope that

every one interested in the insurance idea will find common ground on which they can help each other to lessen some of the burdens that a well-intending but frequently misinformed public often imposes.

In brief, that great Congress, which will deal with all phases of insurance, and in which fraternalists have their due recognition, and where we hope a large delegation of the most prominent men and women of the Nation associated with your societies will be seated—that Congress will be the avenue through which we will invite the searchlight of public understanding of the real social service performed by the insurance idea, not by any particular branch of insurance, nor any particular way of conducting it. That is the concern of each individual company, society or other unit under which people seek various forms of protection, and it is not the purpose of the meetings held under these Exposition auspices to exploit any of those fractional ideas which are legitimate matters for competition between men in the busy activities of life. It is rather our purpose to give all of those interested in the subject of insurance from its broadest conception an opportunity to educate the public mind regarding the part that insurance plays in the entire social scheme of things.

Following Mr. Hathaway, M. G. O'Mally, member of the Supreme Board of Directors of the Fraternal Brotherhood, of Portland, Oregon, spoke in the stead of Mrs. Emma R. Neidig, Supreme President of the Order. Mr. O'Mally's address was as follows:

ADDRESS OF WELCOME

BY M. G. O'MALLY FOR MRS. EMMA R. NEIDIG
Supreme President, The Fraternal Brotherhood

I am but newly come among the people of San Francisco and have many things to learn. When I speak about your people and your City I am more or less at a disadvantage. But even in my short stay there are some things that I have found out. I know, for instance, that I must never, this side of Oakland, call your City "Frisco" but always San Francisco, lest I somehow wound some one's civic pride. I have had it thoroughly impressed on me that you did not have an earthquake here, but a fire. I have visited Mission Dolores and know that the first Spaniard, or one of the first, to be buried there bore the name of Patrick Murphy, and came from the County of Cork. Likewise, I know, and I must tell you about it since I learned this elsewhere, that San Francisco is one of the best beloved cities in America to-day, and that even far beyond the confines of this Nation, yes, even in the uttermost parts of the earth, there are countless hundreds who

speak the name of your City with affection and wish for her all the success and happiness that is her due.

The ancient world of myth and fable, with its enchantments, its marvels, its miracles, its giants and its ogres, which many matter-of-fact people declare never existed, is with us to-day as fresh and as fervent as it was in the very childhood of the race. Every marvel, every monster, every miracle of the past has its present-day counterpart.

That fiery dragon that roamed the earth in St. George's day with flaming eyes, and smoking nostrils, is so far outdone by his present-day prototype that he would, if he were alive to-day, put his tail between his legs and give the road, in fear and trembling, to the modern gasoline motor car, as we do.

Those fabulous birds, the beating of whose gigantic wings was like unto the oncoming rush of the hurricane, who soared aloft into the ether with human beings clutched in their talons, are not unfittingly represented to-day by the aëroplanes that circle about us. Surely their credited toll of human life is no greater.

Those voracious monsters of the ancient deep who consumed whole boats at a single gulp never left such a trail of destruction in their paths as do the modern submarine or torpedo boats.

The flying Mercury of mythology would be but a cripple for speed when compared with our modern means of locomotion.

The most leathern-lunged stentorian-voiced god in the whole galaxy could not, though he shouted ever so loudly, make his voice carry from San Francisco to New York as we do, without effort.

The physical charms of our modern goddesses (who include the whole feminine sex) far outshine Venus and Diana, and besides they are not half as cruel as either.

Jupiter with his thunderbolt and Thor with his hammer are but sorry spectacles when compared with little Fraulein Krupp and her sixteen-inch gun.

Mars, the god of ancient war, is but a cheap assassin when compared with our present day Czar, Emperor and King.

Atlas, with the world on his back, would be rated as a corner loafer if we but compared the load he carried with that now borne by President Wilson.

Thus far, I have not been able to think of any modern character who overshadows Hercules, but may we not, at least, hope that Jess Willard will develop with age?

That famous giant of our nursery days who "smelt the blood of an Englishman" and ate little children was a monstrous, repulsive creature it is true. We all heaved a sigh of relief, I am sure, when we learned that Jack cut down the bean stalk and rid us forever of that particular ogre.

And yet the giant Jack so valiantly disposed of was but a tiny glow-worm beside the sizzling white hot sun when compared with the greatest of the modern giants, the present day Moloch, whose name is Industry and whose god is Profit.

Jack's giant consumed little children by ones and twos. Our present day monster consumes them by thousands and tens of thousands. He consumes their intelligence, their vitality, and their manhood, and coins it all into medals of Mammon, the Dollars of commerce. And he does not stop at children, either.

Even our brave little giant-killer has his modern prototype, his present day emulator. We find the modern Jack in legislative halls where restrictive laws designed to curb the appetite of our giant are under way. In this connection I am reminded that one of these restrictive laws has been passed by a great Southern State. It is called the "Baby Labor Law" and prohibits the employment of children under *nine* years of age.

Whenever I think of South Carolina's Baby Labor Law, I am somehow always reminded of the fact that in some localities there is an ordinance prohibiting the killing of calves for veal until they are three weeks old. Such ordinances, I am told, have a marked effect in improving the quality of veal, but do not add to the preservation of the calves.

Turning again to more pleasant comparisons between ancient and modern times we are reminded that in the imagination of the ancients there existed a most wonderful bird called the Phoenix, which, being consumed by fire through its own act, rose again from the ashes.

To-day we celebrate the birth, growth, and development of a modern Phoenix, the City of San Francisco.

Nine years ago the Fire God held almost undisputed sway across these broken hills. Grim Want sat on almost every doorstep.

The labors, the accumulations of a mighty people, covering a period of more than half a century, were wrapped in a mantle of flame and smoke, and went roaring back to the Infinite.

A cry of pity, a wave of sympathy, swept round the world. "San Francisco is doomed," were the words on every tongue. "San Francisco can never be rebuilt," was the sad prediction of every curbstone prophet. But these oracles of woe and disaster reckoned without taking into account the spirit of the San Francisco people.

The greatest calamity that can overtake a city or a people is not fire or flood. It is not pestilence. It is not famine. The greatest calamity that can come to any man or set of men is to lose faith in one's self. San Francisco never lost that. As a result of her undying faith, her unfaltering energy, her boundless determination, we have here once more a great City, more permanent, more capable and perhaps fairer than ever before.

A keen observer has said that San Francisco is not so much a matter of geographical location as it is a state of mind. It is not so much a city as it is a spirit. Like the realm of Bohemia which so many seek for and never find, it exists only within ourselves.

Many there are among you, I am told, who spend all their lives

from the cradle to the grave within the limits of this City that sits so grandly keeping watch and ward beside the Golden Gate, and who go down to their tombs without ever having set their feet within the portals of the real San Francisco. For, be it known, the real San Francisco is a mystic city builded out of the most priceless possession of the old Argonauts; builded out of the aspirations and the dreams which lured those Jovian men from their early moorings and lashed them round the earth here to foregather, by chance at last, seeking, ever seeking, their particular pot of gold at the rainbow's end. Fire cannot injure the real San Francisco. It will live as long as the spirit of your sires. It will live in the minds and the hearts of men as long as hope and joy and chivalry find a place among your people.

In the days when your fair City was lying shattered and bleeding, when Ruin stalked abroad with unfettered feet, trampling on the hearts of your citizens at every stride, it is a matter of much pride to the members of the society I represent, The Fraternal Brotherhood, to remember that it was one of our people, a member of our Executive Board, who first brought outside money to the aid of your stricken people. That man, as many of you know, was Motley H. Flint, of Los Angeles.

Postmaster of his home town when the news of the San Francisco disaster came to him, he paused not to ask about the how, the why or the where, but seizing a pad of postal money orders, he sprang into a coach and came to your relief as fast as steam could carry him. He risked his private fortune that he might do good. All honor to Motley Flint, Supreme Trustee of The Fraternal Brotherhood. Of such as he is the kingdom of Fraternity.

It is likewise a source of satisfaction to The Fraternal Brotherhood to remember that the members of that society levied a special assessment on themselves and paid the dues of San Francisco for one year in advance.

Insurance has played a vital part in the rebuilding of San Francisco. Again it is a source of satisfaction to us to remember that The Fraternal Brotherhood and every other fraternal society paid *one hundred cents on the dollar* on every death loss.

To-day I enjoy the highest distinction that can come to any man, that of representing a good and pure woman. I am here as the representative of Mrs. Emma R. Neidig, the Supreme President of The Fraternal Brotherhood, to which I have referred.

If it can be fittingly said of men who rise spiritually above their fellows that they are "a little nearer the angels" then it can be truly said of womankind that they stand right at the very Throne of Grace.

"There's not a cry from earth to Heaven,
There's not a prayer for mercy given
But has a woman in it."

I cannot fittingly represent her whom I am sent to serve. I can only stand here and give you a little of the message of love and confidence which she has for every human being, and which she has bestowed in unstinted measure on those who have had the good fortune to sit at her feet. If there is aught of faith, of love, of admiration, of confidence in my words to-day, then these things are all from her. I am merely her dispatch bearer. If I have failed to convey to you any of these sentiments the fault lies in my lack of expression, and in the further fact that it is not given to man to faithfully interpret the feelings of a woman.

We are met to-day to honor Fraternalism—human Brotherhood. Eminent men have gathered from all parts of the Nation. Lofty sentiments have been expressed by them. The police march without their clubs in honor of the spirit of the day. We are told of the mighty work that has been done in the cause of human Brotherhood, of the great societies that have been born, all dedicated to a grand principle. Great praise has been given these agencies that have striven and are striving for human betterment. Who shall say that such praise is not deserved? We have not attained the millennium it is true. Some of us forget the mission to which we have pledged ourselves. Some loiter on the way and some become discouraged and turn back. When one considers the obstacles that Fraternalism has had to encounter, the wonder is not that it has done so much.

Since the days when Cain struck down his brother, envy and jealousy have played their parts in the affairs of life. Cupidity has held sway since long before the days when Jacob showed his knowledge of prenatal influences and peeled the willows in order to control the color of the sheep of his father-in-law. Treachery was born long before Judas betrayed his Master. Nineteen hundred years of the teachings of the Christ doctrine, confronted as it is with an industrial system based on profit, stands baffled and beaten while the Golden Rule has been paraphrased into "Do others or they will do you," and as David Harum says, "Do 'em fust."

If Fraternalism has been unable to work a change in the heart of Man we need not be discouraged nor yet repine. At least it has smoothed the brow of care and held the kindly glass of water to parched and fevered lips. It has rejoiced with the gay, and mourned with the desolate. It has lifted the mortgage from the little home, clothed and fed the widow and orphan. It has kept the little boy from the gutter, and the little girl from the factory or shop before her time. It has brought education within the reach of those who would otherwise have been denied its blessings. These things it has already done. If it should do no more it is at least worthy of having lived. It would still be entitled to the appreciation and the support of every man who loves his fellow-men.

But the mission of Fraternalism is not ended. As time goes by its scope will broaden rather than narrow. As the obstacles to

a sane economic relation are removed, and the mind and the heart of Man are given an opportunity to develop, naturally there will come a day when it can be truly said that "All men are brothers" in the broadest sense. When that comes the mission of Fraternity will be ended, and not till then.

And now as the representative of a California society, of a western society, may I not bid you welcome to the Pacific Coast? In California you will find the playground of the ancient gods, in Oregon the land of the fairies, and in Washington you will find the land of the Superman. To each and all of these localities I bid you, in the language of my forefathers, "Caed Mille Failthe," which means One Hundred Thousand Welcomes.

Mrs. Frances E. Burns, Grand Commander of the Ladies of the Modern Maccabees, then delivered the following address:

ADDRESS

BY MRS. FRANCES E. BURNS

Great Commander, Ladies of the Modern Maccabees

The Panama Canal is one of the world's greatest achievements for the benefit of man, and it is said that in this great celebration of its completion, only the best of each art and craft is to be exhibited, and therefore it is most fitting that the great fraternal system should take its place here among the other great achievements of the age, and that we should turn our eyes to one of its agencies, which in the last fifty years has given the acme of assistance to our people. In the recent war loans, all world's records have been surpassed, and when Germany sold one and one-fourth billions of these bonds almost entirely to her own people, the press teemed with this great fact; later England surpassed this record when her issue of one and three-fourths billions was speedily taken up; then came Germany with another bond sale of two and one-half billion dollars, and correspondents were scarce able to find words fittingly to express to the public this great fact, and repeatedly we read that even servants and newsboys invested their tiny hoards as the bonds were issued in such small denominations that it was made possible for them to become purchasers, and their devotion to their country was so great that they considered it a patriotic duty. But I come to you with a greater marvel—two and one-half billions of dollars expended by the great fraternal system, not for shot and cannon, aëroplanes and submarines, wrecked homes and murdered men, but for shoes and stockings for tiny feet, school books in the small hands, home ties knit together under a roof from which the mortgage has been lifted, new life through hospital and sanitarium for those who are ill and needy

—in short two and one-half billion dollars spent for peace and happiness, rather than two and one-half billion dollars for war and destruction. Newspaper men stand up, look, and herald this fact to the ends of the earth, that the disbursement of the fraternal system in the last fifty years equals Germany's great war loan, the greatest ever made in the history of the world, and that every dollar has gone to relieve suffering and not to create it. So quietly and persistently has the great work gone on, that it is like the gentle rain dropping from heaven to earth, and enlivening all whom it touches, and its deeds are no more to be counted than are the rain drops greedily swallowed by the thirsty earth, but new heart, new hope, new life ever follow in its train, for it is but a daily and hourly exemplification of the great Master's teaching—the cup of cold water, the helping hand to the afflicted, succor to the needy and distressed.

The cost of the great Canal we are told is four hundred million dollars. It will revolutionize trade, commerce, and travel, and will give increased service to millions of people. Its completion is so great an event in the world's history, that all nations have flocked to our shore to do us honor—two great Expositions have been created to signalize the greatest engineering conquest of the age, yet the disbursements already made by the fraternal system would have built more than six Panama Canals—truly it is only by comparison that we can fully realize the great work already accomplished, and that mapped out for the future where ten billion dollars worth of certificates will mature and this great flood of money will flow in a continuous stream day and night into the homes of its members. What have women had to do with this vast problem and its wonderful disbursements?

The record of women in fraternity is really the history of the race, as it has always seemed to be woman's mission from the cradle to the grave to minister to the wants and needs of others. For centuries she served blindly, only seeking by ever more arduous endeavor to feed the hungry, clothe the naked and minister to the sorrowful. Ever as she labored came the realization of the inadequacy of private or public charity, both of which pauperized the person whom it was intended to help. The more progressive vision, as the years advanced, clearly showed that the old adage of "An ounce of prevention is worth a pound of cure" is doubly true of all relief work. Organization was needed, and the great principle of coöperation must be invoked. Quietly and simply one line of work after another to counteract existing evils was taken up. The Woman's Christian Temperance Union to battle against the hydraheaded monster of the liquor traffic; the Red Cross to alleviate the suffering and excessive death rate in war and national calamities; the National Suffrage Association to educate the people upon equal suffrage; the Mothers' Congress to teach and conserve all infant life; the great peace organizations to bring the world to a realization of the immense benefits to be gained by

disarmament and arbitration; the Florence Crittenton Mission to help save our unmarried girls; the Federation of Women's Clubs to study civics as well as literature; the National Council of Women to bring together all lines of organized women's activities and dozens of other organizations of women physicians, nurses, lawyers, ministers, clerks, stenographers, farmers' wives, box makers, shirt waist makers, etc.,—all sprang one after another into existence each bringing its agencies to bear upon the solution of the great human problem. This great massing and grouping of women which has taken place in the last fifty years betokens three things:

First—All women now recognize the nobility of work and the worker.

Second—The greatly accentuated sympathy and good-will of women toward each other.

Third—The more intelligent use of their powers in all philanthropic and industrial undertakings.

Is it strange that as the weaving went out of the home and the sewing machine came in, as the colleges swung wide their closed portals to women, and on every side new activities, new lines of thought and new research into untrodden paths were undertaken, that the great idea of coöperative protection should have claimed their attention? There were a few orders of men engaged in this work, but it was still in a crude state when Mrs. Adelpia G. Ward, the first woman clerk in Marshall Field's Chicago department store, on March 24, 1886, called together nine women in her home in Muskegon, Michigan, and formed the first woman's fraternal benefit association for help in sickness and death and protection of the dependent ones left thereby. From that little circle the work has broadened and spread to thousands of women and from the modest cottage in one city to every city and hamlet and crossroads in the United States. For shortly after came one by one other women's Orders, until now ten exclusively women's Orders cover the United States with a network of lodges and activities. They have over a million members with outstanding protection of \$817,260,461, and they have disbursed in death, disability, old age and maternity benefits \$65,606,666, sums so vast that when a report of this work was made in the great International Council of Women, where the representatives of twenty-five nations of the world gathered, the Countess of Aberdeen, the presiding officer, stopped the speaker and said, "You mean this is done by your government, madam," to which the President from the United States answered, "No, not our government. This money is collected and disbursed and this work is done by the women of our land, alone, unaided by men or by the government." The scope of these Orders can be determined by their needs which can all be summed up in four small words—"Protection for the Home." The great ideal is to make the home a place to be glad in, a place to be safe in, a place to grow strong

in, a refuge from heat and cold and all ills, a place of protection for the wee ones or the weak ones who must be sheltered from life's blasts, and to insure the perpetuity of that dear spot even if death should invade and snatch away the strong arm of its provider and defender. So in this coöperative society there must be taught and practised the great insurance principle—the law of averages—so that where a mortgage, sickness or death might be far too heavy a burden for one alone, when divided among a thousand it would be but lightly felt; and so a death benefit of from one to five thousand dollars was incorporated and fixed payments upon the part of the members must be made to equalize the responsibility. Disability benefits were added, that a person totally and permanently disabled might receive financial relief to assist her in securing needed medical treatment and to furnish support while she is disqualified from performing her usual avocation. Old age benefits were added to give her independence in her declining years; a maternity benefit to bring medical care and nursing, surcease from household duties until the new life is fully established; hospital beds to care for the grievously sick unable to help themselves. Truly to every line of human need do these great sisterhoods reach out their helpful hands. Around this center has been collected a vast and varied force of moral reform, all forms of education, of innocent amusements and health-giving sports, all made vitally effective for personal uplift by the life blood of personal service.

The business development of these Orders may be divided into financial, legal and administrative. The financial department deals with thousands of dollars collected and disbursed and great care and knowledge are necessary in the banking of these funds. Investments must be carefully considered both from the standpoint of yield in revenue and safety for the future. The bond market must be diligently studied if the investments are to be carefully and properly made. The auditing of funds of nearly all fraternal orders is carried on both in the subordinate lodges and in the grand lodges. The legal rights of the members receive careful study and attention. The rights of the Order also require exhaustive research; from time to time it is necessary to defend the rights of the Order in the courts, as against falsification as to age and admission, physical condition, or violation of contract. The legislative work must be looked after in each State at every session of the assembly, that new or unwise legislators may not be misled into drafting laws which would strike at the foundation of the structure of this great work. Administrative work must be first considered in the general office, its great force of clerks, its necessary system and efficiency—for like all large machines it will bear frequent oiling and adjustment. Each order has a large field force, in many instances from fifty to one hundred and fifty deputies, for whom work must be planned in detail, expenses carefully watched, that the funds of the Order

shall be properly conserved—its lodge branches must be built up to the highest plan of work, from both the standpoint of relief and social purpose.

The subordinate lodges are usually grouped in county and State associations, holding frequent meetings, for the promulgation of new plans, coördination of the work, and above all for social intercourse. National meetings are also held, bringing together State bodies, adopting laws, plans of procedure, electing officers to care for future work. All of the great fraternal societies are again gathered into the National Fraternal Congress of America, which, while a purely advisory body, nevertheless has come to be a peacemaker for all fraternities; hence it will be seen that every part of this work from the fraternal lodge to the Fraternal Congress of America, necessitates daily growth and development, and it is a proud boast of women's Orders that, in the highly specialized lines of valuations and annual reports, they have been able to hold their orders to equal efficiency and service with those managed and officered by men.

In the past, woman during life and strength protected her home by personal supervision, now she has learned how to extend that protection beyond the grave. No longer is her ability questioned in business or financial circles. Everywhere we find women at the front in great business organizations. It is said there are 80,000 women stockholders in the U. S. Steel Corporation. "The greatest questions of the day," says Norman Hapgood, "are the questions of housekeeping—economy, morals and health. The home now is not bounded by four walls, it is everywhere, and women's place is in the home. The call of the present is towards the working out the ideals of the whole race, not a part of it. Can any one doubt that in the search for human happiness, woman should have an equal part with man?"

Hon William Koch, Grand Foreman of the Brotherhood of American Yeomen, spoke briefly on the benefits of insurance and the reasons for fraternal insurance. Hon. J. D. Clark, Supreme Vice Chief Ranger of the Independent Order of Foresters, also spoke, giving a vivid description of the 1906 catastrophe in San Francisco from his experience there as a visitor at the time and telling how the fraternalists aided in the work of relief.

The celebration of the above mentioned four days, together with the regular annual meeting of the Fire Underwriters' Association of the Pacific, also referred to above, and a conference of the Pacific Division of the Royal Indemnity Company, which drew a number of department heads and others connected with that Company in the West, rounded out the first week of insurance events of the Exposition. Following that first week, and up to the opening of the World's Insurance Congress itself on October 4th,

insurance conventions large and small gathered in San Francisco. Many of them were of such size and importance as to justify the Exposition in awarding special days for their benefit.

EXHIBITS

Aside from the various insurance events above chronicled, and the many which followed in the interim between April and October of 1915, there were installed in the Exposition palaces over three hundred exhibits in some manner emphasizing the part which insurance has played in fire prevention, health conservation and all protective work which tends to promote better and safer living conditions and consequent longevity; and these, for the first time in the history of expositions, were classified under the head of Social Economy, and displayed in connection with that science. A complete list of all which, in any way, pertained to insurance here is given:

INSURANCE COMPANIES *

Ætna Life Insurance Company, Hartford, Conn., Palace of Mines.—Electrically operated machines, showing application of devices to prevent accident; still exhibits illustrating safety; charts and statistics of preventable accidents; stereomotorgraph; models. The exhibit of the *Ætna Life* also embraced the *Ætna Accident and Liability of Hartford*, and the *Automobile Insurance Company of Hartford*, under the same management.

Hartford Fire Insurance Company, Hartford, Conn., Palace of Mines.—Stereomotorgraph; signs illustrating accident and advantages of insurance; relic of "Hartford" sign that passed through conflagration of 1906; cubes showing losses paid; souvenir medal distributed.

Maryland Casualty Company, Baltimore, Md., Palace of Mines.—Model of company's home office building and statistics showing growth and value of Insurance.

Metropolitan Life Insurance Company of New York, Palace of Mines.—Exhibit of welfare work for policyholders and employees. Outlined various measures for safeguarding health of over ten million policyholders and seventeen thousand employees. Charts and photographs in one division described the visiting nurse service, the Health and Happiness League, the company's publications on hygiene and various forms of coöperation with health officers and other civic and social agencies. The charts in the second division outlined the company's policy with reference to luncheons for employees, the Staff Savings Fund, the educational activities, working conditions, and other features which operate most suc-

* The insurance companies exhibiting in the Collective Insurance and Universal Safety Exhibit are not included in this list but are found on page 588.

cessfully in developing an efficient and satisfied working staff.
Rest room for visitors.

Prudential Insurance Company of America, Newark, N. J., Palace of Mines.—Elaborate scientific display by means of 320 charts, divided into nine groups, showing methods and achievements of company; its mortality experience; mortality in Western Hemisphere; public health; insurance history; practice in life insurance throughout the world; Gibraltar and its history; models of Gibraltar home office buildings.

Rossia Insurance Company, Petrograd, Russia, United States Branch, Hartford, Conn., Palace of Mines.—Photographs of company's buildings in various cities of the world; charts showing progress in America and Russia; samples of policies used abroad covering all branches of insurance; literature in use abroad.

MISCELLANEOUS

Industrial Accident Insurance Commission of the State of California, Palace of Mines.—Accident conditions in California; statistics; photographs; work of commission to prevent industrial accidents and diseases.

Workmen's Compensation Service Bureau, New York, Palace of Mines.—Work of bureau with aims and objects; methods of scientific rate making for manufacturers; drawings and charts, in colors, showing measures to prevent accident; rest room.

FRATERNAL ORDERS

Independent Order of Foresters, Palace of Mines.—Models of sanitariums for members; literature of the Order; rest, reading and registration room.

Modern Woodmen of America, Rock Island, Palace of Mines.—Rest and reading room; literature.

National Union, Toledo, Ohio, Palace of Mines.—Rest room for visitors with literature of the Order.

Royal Neighbors, Women's Auxiliary of Modern Woodmen of America, Palace of Mines.—Rest and reading room; literature of the order.

RESCUE DEMONSTRATIONS

Bureau of Mines, Palace of Mines.—Mine rescue and first aid demonstration at 2 p.m. daily, except Sunday; Exhibition run of mine rescue car to "The Mine."

Coast Guard Service, Fort Point Station, Yacht Harbor.—Daily exhibition drill by coast guard crew in non-capsizable boat; mimic wreck with breeches buoy rescue; first aid demonstration.

New York Fire Department, City of New York Building.—Moving picture films every day at four o'clock, except Sunday: "The Locked Door," illustrating fire prevention, and "The Fire Fighters," showing the training of firemen; model of fireproof theater.

San Francisco Fire Department, Zone Fire Station.—Daily exhibition of rescue work; Pompier drill and sealing of Exposition Fire House and Tower; modern fire-fighting methods and training of firemen.

INDUSTRIALS

Anaconda Copper Mining Company, Butte, Mont., Palace of Mines.—Safety first work.

Ford Motor Company, Detroit, Mich., Palace of Mines.—Photographs and models illustrating how the company cares for the welfare of its employees. Factory safeguards, sanitary methods and medical care.

International Harvester Company of America, Chicago, Ill., Palace of Agriculture.—Regulation and inspection of factories statistics of industrial accidents and means for prevention; employer's liability; welfare work; social insurance; retirement provisions for employees.

National Cash Register Company, Dayton, Ohio, Palace of Liberal Arts.—Display and motion pictures accompanied by lecture on sanitation and welfare work under supervision of company.

Southern Pacific Company, Palace of Transportation.—Railway safety devices and signals.

United States Steel Corporation and Subsidiary Companies, Palace of Mines.—Safety, sanitation and welfare work, covering fire and accident prevention; safety organization work in all plants; lectures and motion pictures every afternoon except Sunday.

GOVERNMENT EXHIBITS

Argentine (Republic of), Palace of Education.—Fire department statistics of Buenos Aires, lives saved, equipment and losses.

Cuba (Republic of), Government Board of Health, Palace of Education.—Tropical diseases prevalent and how they are controlled; carrying propensities of the mosquito and statistical charts of the death rates from the more common diseases.

Japan (Red Cross Society of), Palace of Education.—Red Cross equipment.

New Zealand (Government of), Palace of Agriculture.—Workmen's compensation results illustrated by charts and literature.

Philippine Islands (Bureau of Health), Palace of Education.—Problems confronting health officials at the time of American occupancy and methods adopted for the betterment of the living conditions; sanitary methods and results in the prevention of diseases; bearing of methods on death rate.

United States (Government of), Department of Labor, Palace of Education.—Industrial diseases and accidents portrayed by charts, figures, transparencies and wax figures; infant mortality.

United States (Government of), Forest Service, Palace of Agriculture.—Educational work in the prevention of forest fires;

conditions in California posted daily on a large map by means of colored pins showing size and nature of fire.

HEALTH AND STATE BOARDS

California State Board of Health, Sacramento, Cal., Palace of Education.—Charts of statistics and photographs showing care and danger of tuberculosis; model of tuberculosis sanatorium and outdoor sleeping hammocks.

Maryland State Board of Health, Baltimore, Md., Palace of Education.—Sanitation; Baltimore high-pressure water system, sewage disposal system and social welfare; state work by district system.

Massachusetts Department of Health, Palace of Education.—Quarantine methods and work done to eradicate industrial diseases; photographs of many shops that have installed guards and other facilities to better factory conditions; model of Massachusetts Hospital for Crippled and Deformed Children; moving picture theater.

New York Department of Labor, Palace of Education.—Work accomplished in safeguarding lives and health of workers; statistics.

State of New York, Palace of Education.—Fire protection, life and health conservation.

New York State Department of Health, Albany, New York, Palace of Education.—Maps and charts showing experience of New York board and the methods that have been introduced to prevent disease; death rates for the various ages bringing out the high rate between the time of birth and ten years of age.

Sanitary Control, Joint Board of, New York, Palace of Education.—Work accomplished by board in bettering the conditions of workers in the garment trades of New York City; display by the means of charts and photographs; fire prevention methods and inspection system of factories.

Pennsylvania State Board of Health, Palace of Education.—Health problems of State shown by means of relief maps and charts based on actual experiences, with cause and remedy; comprehensive display of school conditions of State and other States; how preventable diseases are spread and how they can be minimized.

Virginia State Board of Health, Virginia Building.—Screens showing publicity and educational activities, giving statistics of preventable diseases and the deaths from such diseases of both black and white population.

SOCIETIES

American Medical Association, Philadelphia, Palace of Education.—Patent medicines and the danger from their use; ingre-

dients and records showing that many people giving testimonials die of the disease the medicine was supposed to have cured.

American Social Hygiene Association, New York, Palace of Education.—Social hygiene.

Arquipa Sanitarium of Fairfax, Marin Co., California, Palace of Education.—Sanitarium for tubercular women, exhibit showing methods of treatment and the making of pottery by patients which is part of the treatment.

Carnegie Institute of Washington, D. C., Palace of Education.—Scientific research; publications, transparencies, models, photographs and diagrams representing work in nutrition department and nine other departments of research.

Civic Center League, Los Angeles, Cal., Palace of Education.—Unified social center exhibit; rural social center with genesis of work at Rochester, etc.

Elizabeth McCormick Fund, Chicago, Ill., Palace of Education.—Models, statistics, charts and posters showing benefits of outdoor schools for normal and sub-normal children; effect on the longevity and health of children.

Mouth Hygiene Association of America, Palace of Education.—Effect of neglect of the teeth demonstrated and preventive methods which should be in force.

National Child Labor Committee, New York, Palace of Education.—Display to educate the public in the danger to the coming generation in the prevalence of employing child labor, showing the effect on the future health and growth of the child and the burden on the rest of the nation when these children grow up, stunted and immature, employed at small wages.

National Consumers League, New York, Palace of Education.—Display showing the danger of tenement workers and comparison of the prices paid for labor and the cost of such goods to the consumer; photographs and charts of unsanitary tenement workshops and effect upon health.

Race Betterment Foundation of Battle Creek, Michigan, Palace of Education.—Methods of race betterment and statistics of deaths from preventable diseases and drugs; value of precaution and thoughtfulness by the individual and the care of the body; lectures by Dr. A. J. Read three times a week.

Red Cross of the United States, Palace of Liberal Arts.—Models and charts, photographs, statistics showing the relief work done by the society; first aid methods and equipment for war.

Rockefeller Foundation, New York, Palace of Education.—Dangers of the hookworm and work of the Foundation to eradicate the disease; interesting statistics and models of victims.

San Francisco Society for the Study and Prevention of Tuberculosis, Palace of Education.—Charts and literature on tuberculosis; models of outdoor sleeping hammocks and sanatoria; statistics of death rates; X-Ray plates of affected lungs.

MANUFACTURERS AND EXHIBITORS

Aero Auto Fire Alarm Company, Seattle, Wash., Palace of Liberal Arts.—Auxiliary fire alarm service for Panama-Pacific International Exposition.—Working exhibit.

American Hoist and Derrick Grip, St. Paul, Minn., Palace of Machinery.—Crosby safety grip for cables.

American Pulley Company, New York, Palace of Machinery.—Metal Sash pulleys.

Golden Anderson, Palace of Machinery.—Automatic steam and water valves.

Baruch Electric Controller Corporation, San Francisco, Cal., Palace of Machinery.—Circuit breakers and current controllers.

Bowers Rubber Works, San Francisco, Palace of Manufacturers.—Fire protection hose.

S. F. Browser & Co., Fort Wayne, Ind., Palace of Transportation.—Safety gasoline pumps and systems.

Crane Company, San Francisco, Cal., Palace of Machinery.—Water and steam valves.

General Electric Company, Schenectady, N. Y., Palace of Transportation.—Electrical appliances; air brakes; safety devices. Also safety electric mine lamp, United States Government Exhibit, "The Mine," Palace of Mines.

Gold Car Heating and Lighting Company, New York, Palace of Machinery.—Safety car lighting and heating systems; safety portable heaters.

Hauck Manufacturing Company, Brooklyn, N. Y., Palace of Machinery.—Safety kerosene torches.

Herman Safe Company, San Francisco, Cal., Palace of Manufacturers.—Burglar and fireproof vaults.

Le Blond Machine Tool Company, Cincinnati, Ohio, Palace of Mines.—Cone belt shifter.

Luckenheimer Company (The), Cincinnati, Ohio, Palace of Machinery.—Valves and engineering appliances.

National Signal Company, San Francisco, Cal., Palace of Transportation.—Automatic railway crossing signal in operation, displayed in booth of Edison Electric Company.

Nelson Valve Company, Philadelphia, Palace of Machinery.—Water and steam valves.

Neptune Meter Company, New York, Palace of Machinery.—Water and fire service meters; trident protection water meter used by Panama-Pacific International Exposition.

New York Air Brake Company, Palace of Transportation.—Working air brake equipment for twelve-car passenger train.

Ohio Chemical & Manufacturing Company, Cleveland, Ohio, Palace of Liberal Arts.—Monovalve anæsthetic apparatus.

Otis Elevator Company, San Francisco, Cal., Palace of Machinery.—Elevator equipped with safety device.

Permutit Company (The), New York, Palace of Liberal Arts.—Appliances for water filtration systems.

Pittsburgh Tank Company, Palace of Machinery.—Patented roof tanks.

Pyrene Manufacturing Company, New York, Palace of Machinery.—Construction and use of the Pyrene fire extinguisher; demonstrations given.

Railways Specialties Company, Los Angeles, Cal., Palace of Transportation.—Automatic railway crossing signals in operation, displayed in booth of Edison Electric Company.

Randall Elevator Control, San Francisco, Palace of Machinery.—Elevator safety device preventing movement of cage until door is securely closed.

Robbins & Myers Company, Springfield, Ohio, Palace of Machinery.—Safety railway signals; ventilators.

Safety Car Heating and Lighting Company, New York, Palace of Machinery.—Models of appliances.

A. P. Smith Manufacturing Company, East Orange, N. J., Palace of Machinery.—Valves; waterworks; testing materials.

Standard Underground Cable Company, Palace of Machinery.—Underground cables and conduits.

Star Electric Company, Newark, N. J., Palace of Liberal Arts.—Central fire alarm station for the Panama-Pacific International Exposition; working exhibit of fire alarms, boxes, etc.

Technical Publishing Company, New York, Palace of Machinery.—High-tension wiring showing progress by comparison of 20, 15, 10 years ago and to-day.

Union Switch and Signal Company, Swissdale, Pa., Palace of Transportation.—Automatic block signal in operation.

West Disinfecting Company, New York, Palace of Liberal Arts.—Disinfectants; model of indoor sanitary closet for district having no sewer connections. Working exhibit, supplying accommodations on Grounds.

Western Electric Company, Chicago, Palace of Manufactures.—Fire Alarm apparatus; gongs; motors.

Westinghouse Electric Company, Pittsburgh, Pa., Palace of Machinery.—Safety Air brakes; protected motors and dynamos. Oil circuit breaker to handle 165,000 volts in Palace of Transportation.

COLLECTIVE INSURANCE AND UNIVERSAL SAFETY EXHIBIT

Because of the fact that the Panama-Pacific International Exposition had given such wide recognition to insurance and had created a commission to promote the interests of the business, The Insurance Field Company of Louisville, Ky., became deeply in-

terested in the whole movement and after a careful investigation determined to install a collective insurance exhibit—The Collective Insurance and Universal Safety Exhibit—to visualize the service of Insurance and in conjunction therewith to publish a daily insurance newspaper in San Francisco, *The Daily Field*, wholly apart from its regular publications in Louisville.

The space devoted to the Collective Insurance and Universal Safety Exhibit at the Exposition was not secured until late in January, but despite this fact and other obstacles to be overcome in the erection of the booth and securing exhibitors and participants, the whole exhibit was in creditable working order within six weeks, with a total of 115 participants. The space occupied was 2,400 square feet in Block 10, Palace of Mines and Metallurgy, where the various insurance exhibits were located, that section being a part of the Bureau of Education and Social Economy, and an overflow from the Palace of Education.

The booth of the Collective Insurance and Universal Safety Exhibit was designed to entertain and provide for the comfort of policyholders, agents and friends of participants—friends of Insurance—and to gain new friends. It was constructed in a substantial way, without pretense, but to carry out the fundamentals of Insurance in all its branches, linked by the great chain of the social service performed by its agents in the field.

Above the façade of one of the three main entrances appeared a figure "The Spirit of Insurance" overcoming the three great dragons of Fire, Accident and Death, and holding aloft the green light of safety. This was a remarkable piece of statuary and has been greatly admired. Along the façade were silk banners indicating the service performed by Insurance.

Within the exhibit were special features, such as a panorama of San Francisco as it appeared nine years ago after the greatest conflagration in the history of the world; a mechanical device showing the great Institution of Life Insurance drained of \$24 every minute of every day and night as a tax to maintain general State revenues—\$13,000,000 to be a football for politicians every year—and a mechanical house that "burned" every three minutes to typify one of the 160,000 buildings burned annually.

Recognizing the immensity of the task undertaken, The Insurance Field Company secured the coöperation of The Safety Press, Incorporated, of New York, to which it gave the title of manager of the "Accident and Fire Prevention Department." It was through the efforts of The Safety Press that the many illuminating displays in this department were secured and exhibited in the booth during the Exposition period.

To conduct the Collective Insurance Universal Safety Exhibit and publish *The Daily Field* in San Francisco, The Insurance Field Company brought a full staff from the East which was under the direct charge of its President.

The first issue of *The Daily Field* appeared on the morning of

April 17. It was "tabloid" in form (the size of an ordinary daily newspaper once folded) and appeared every morning except Sundays, but including holidays, until October 18, several days after the close of the World's Insurance Congress. One hundred and fifty-six issues of this publication were guaranteed, but there were in fact one hundred and fifty-eight issues of the paper, which ranged in size from 8 pages minimum to 28 pages maximum as the occasions and events demanded. The paper was published on perfecting presses, was illustrated with half tones, had its own staff photographers and in every way was conducted upon the basis of the modern daily paper. This was its motto:

"Insurance which is Universal Safety: Conservator of Life, Labor and Property and the Basis of National Welfare."

During its publication period *The Daily Field* not only reported the many national and company conventions held in and about San Francisco, but told fully every event held at the Exposition in any way related to Insurance, furthered in every way the Collective Insurance and Universal Safety Exhibit of which it was a part, exploited every insurance exhibit at the Exposition, published both local and Eastern insurance news and placed its staff at all times at the service of Insurance Men.

During the sessions of the World's Insurance Congress *The Daily Field* maintained minute service with its editorial rooms where within five minutes after an event or announcement in the convention hall the news would be on the linotype machine and in many cases before the day's session had adjourned the news of the day as far as the Congress was concerned was up and ready for the press. The papers delivered at the Congress each day were published, practically in full, in the issue of the next morning, so that all the addresses were given wide publicity.

Participants in the Collective Insurance and Universal Safety Exhibit were as follows:

ASSOCIATIONS AND CLUBS

American Museum of Safety, New York.—Miscellaneous collections of devices assuring the safety of the public, with particular reference to the prevention of accident from the operation of machinery; fire extinguishing devices; danger signs, etc.

Live-a-Little-Longer General Committee, Rochester, N. Y.—Wall exhibit, signs and charts illustrating welfare work and system in operation in various schools.

National Association of Life Underwriters, New York City.—Electrically operated, mechanical model of the Institution of Life Insurance being drained of \$24 every minute, day and night, through taxation of life insurance premiums for the benefit of the general revenues of the various States, and at the expense of

the thrifty insured. The model is explained by signs and literature on taxation. Wall exhibit, "Life Insurance as a Life Vocation."

National Association of Insurance Agents, Boston, Mass.—Original charter signatures; photographs of past president; aims and objects; declaration of principles.

Panama-Pacific Insurance Club, San Francisco.—Rest and reading room; general headquarters at Exposition.

World's Insurance Congress Events, San Francisco.—Rest and reading room; branch headquarters at Exposition.

INSURANCE COMPANIES

Aetna Insurance Company, Hartford, Conn.

Agricultural Insurance Company, Watertown, N. Y.—Edward Brown & Sons, general agents, San Francisco.

American Automobile Insurance Company, St. Louis, Mo.

American Bankers Insurance Company (The), Chicago, Ill.

American Central Life Insurance Company, Indianapolis, Ind.

American Credit Indemnity Company of New York, St. Louis, Mo.—Sample policy credit indemnity; booklet explaining credit insurance.

Atlantic Life Insurance Company, Richmond, Va.

American Eagle Fire Insurance Company, New York.

Atlas Assurance Company, Limited, of London, New York, Chicago and San Francisco departments.

Bankers Life Company, Des Moines, Iowa.—Sample policy.

British America Assurance Company, Toronto, Canada.

California State Life Insurance Company, Sacramento, Cal.

Commonwealth Life Insurance Company, Louisville, Ky.

Continental Insurance Company, New York.

Commonwealth Life Insurance Company, Louisville, Ky.

Consolidated Casualty Company, Louisville, Ky.

Continental Casualty Company, Chicago, Ill.—Special wall display in colors showing trade-mark of company.

Delaware Underwriters, Philadelphia, Pa.

Equitable Life Assurance Society, New York.—Wall exhibit, consisting of framed pictures of the Equitable Building, Protection of Life Insurance, and the Beacon Light.

Farmers National Life Insurance Company, Chicago, Ill.—Sample policy; photograph of home building.

Fidelity-Phoenix Fire Insurance Company, New York.

First National Fire Insurance Company, New York.

Georgia Casualty Company, Macon, Ga.—Miniature bales of cotton; sample policy.

George Washington Life Insurance Company, Charleston, W. Va.—George Washington Calendar.

Globe & Rutgers Fire Insurance Company, New York.—Edward Brown & Sons, general agents, San Francisco.

Great Republic Life Insurance Company, Los Angeles, Cal.

Great Southern Life Insurance Company, Houston, Texas.

Great Western Accident Insurance Company, Des Moines, Iowa.

Guardian Casualty & Guaranty Company, Salt Lake City, Utah.

Hartford Fire Insurance Company, Hartford, Conn.

Home Insurance Company (The), New York.—Framed wall display of original autographic signatures of those to whom losses were paid in the San Francisco conflagration of 1906; wall sign; automobile log.

Illinois Life Insurance Company, Chicago, Ill.

Independent Life Insurance Company, Nashville, Tenn.

Insurance Company of the State of Pennsylvania (The), Philadelphia, Pa.—Wall exhibit of bronze plaque showing seal of company; framed facsimile of policy issued to Stephen Girard; framed exhibit of battleship in revolutionary days, model in company's possession; post cards of Liberty Bell, William Penn's home, Barry statue, and Independence Hall.

Interstate Casualty & Guaranty Insurance Company, Albuquerque, N. M.

Inter-Southern Life Insurance Company, Louisville, Ky.—Plaster model to scale, electrically lighted, of home office building.

Jefferson Standard Life Insurance Company, Greensboro, N. C.—Fly exterminators; sample policy.

Kentucky Central Life & Accident Insurance Company, Louisville, Ky.

Lincoln Life Insurance Company, Fort Wayne, Ind.

Massachusetts Accident Company, Boston, Mass.—Framed photograph of George E. McNeill, founder, who established George E. McNeill medals for bravery, presented annually by International Association of Casualty & Surety Underwriters; sample policies.

Massachusetts Bonding & Insurance Company, Boston, Mass.

Masonic Mutual Life Association (The) of the District of Columbia, Washington (Legal Reserve).

Metropolitan Life Insurance Company, New York.—Wall display.

Mutual Life Insurance Company of New York.—Stereomotor-graph, electrically operated, displaying early California scenes and mottoes specially applicable to life insurance.

National Life Insurance Company of the United States of America, Chicago, Ill.

Newark Fire Insurance Company, Newark, N. J.

New York Life Insurance Company, New York.—Literature on taxation.

Nord Deutsche Insurance Company of Hamburg, United States Branch, New York.

North American Accident Insurance Company, Chicago, Ill.—Framed wall display in colors.

North British & Mercantile Insurance Company of England,

United States Branch, New York.—Framed wall display, consisting of seal of company in colors.

Ohio Farmers Insurance Company, Le Roy, Ohio.—Plaster model of trade-mark of "The Farmer," as framed wall exhibit, designed and executed by Usbourne.

Old Colony Life Insurance Company, Chicago, Ill.

Penn Mutual Life Insurance Company, Philadelphia, Pa.

People's National Fire Insurance Company, Philadelphia, Pa.

Phoenix Assurance Company of London, United States Branch, New York.

Phoenix Mutual Life Insurance Company, Hartford, Conn.—Framed photograph of home office building as wall exhibit; wall calendar; sample policies.

Pittsburgh Life & Trust Company, Pittsburgh, Pa.

Presbyterian Minister's Fund for Life Insurance, Philadelphia, Pa.—Framed wall display, consisting of facsimile of first policy issued in 1761.

Provident Life & Trust Company, Philadelphia, Pa.

Prudential Insurance Company of America, Newark, N. J.—Wall exhibit.

Prussian Life Insurance Company of Germany, United States Branch, Hartford, Conn.—Wall charts in colors, illustrating growth of life insurance throughout the world.

Republic Casualty Company, Cleveland, Ohio.

Reserve Loan Life Insurance Company, Indianapolis, Ind.

Rossia Insurance Company of Petrograd, United States Branch, Hartford, Conn.—Framed photographs showing exterior and interior of building at Hartford, Conn.

Royal Insurance Company, Limited, of Liverpool, England, United States Branch Offices, New York, Atlanta, Chicago and San Francisco.—Framed wall exhibit, trade-mark of company.

Security Life Insurance Company of America, Chicago, Ill.—Sample policy.

State Life Insurance Company (The), Indianapolis, Ind.

Standard Life Insurance (The) of Pittsburgh, Pa.

Sun Insurance Office of London, Pacific Coast Branch, San Francisco.—Willard O. Wayman and Carl A. Henry, Joint General Agents. House plate in use in London, Eng., about 1780, mounted as wall exhibit with appropriate description.

Svea Insurance Company of Sweden, Edward Brown & Sons, general agents, San Francisco.

Transylvania Casualty Insurance Company, Louisville, Ky.,—by Ben L. Bruner, President.

Union Central Life Insurance Company, Cincinnati, Ohio.—Plaster model to scale, home office building, electrically lighted; postal cards of building.

West Coast San Francisco Life Insurance Company, San Francisco, Cal.

Western & Southern Life Insurance Company, Cincinnati, Ohio.
Western Assurance Company, Toronto, Canada.

GENERAL AGENTS

Brown, Edward, & Sons, San Francisco, Cal.
Nabors, J. B. & Sons, San Francisco and Los Angeles, Cal.
Pandolfo, S. C., San Antonio, Tex.
Wayman, W. O., and Henry, Carl A., San Francisco.

MANUFACTURERS

Allan Manufacturing Company, Hartford, Conn.—Safety set screws.

American Abrasive Metal Company, New York.—Safety treads for stairs.

Angell Elevator Lock Company, Boston.—Safety stop for elevator and mine cages.

Badger Fire Extinguisher Company, Boston.—Fifty gallon chemical engine.

Carboy Incinerator Company, New York.—Device attached to carboys eliminating danger to operator from splashing chemicals.

Carnegie Steel Company, Pittsburgh, Pa.—Safety tool heads.

Dracger Oxygen Apparatus Company, Pittsburgh, Pa.—Apparatus complete with oxygen generating system; asbestos suit used in mine rescue work; pulmotor.

E. I. du Pont de Nemours Powder Company, Wilmington, Del.

Gorham Engineering & Fire Apparatus Company, San Francisco.—Pyrene hand fire extinguishers; smoke helmet.

Hammacher, Schlemmer & Co., New York.—Hollow set screws.

Hess Steel Castings Company, Philadelphia.—Safety hopper car wrench.

Johnson & Johnson, New Brunswick, N. J.—First aid cabinet.

Lockhard-Hodge Company, Buffalo, N. Y.—Guards for circular saws, planes and wood shapers.

Mann & Wilkomm, Germany.—Model of elevator with safety stops.

Morewood Standard Safety Device Company, New York.—Safety belt for use of window cleaners.

Morrison Safety Ladder-Foot Suction Grip Company, Lowell, Mass.—Safety ladder.

National Tube Company, Lorain, Ohio.—Safety hooks and bucket hoist; safety hood for feed valves; safety sign "man in boiler."

Never Slip Safety Clamp Company, New York.—Horizontal and vertical safety clamps for boiler plate.

New Jersey Zinc Company, Palmerton, Pa.—Safety wrenches for hopper cars; safety shield for spelter ladle.

New York Edison Company, New York.—Ground stick to test

high tension feeder before joint is opened for repairs; medical cabinet, consisting of oxygen tank, reclining chair, blanket and head rest; first aid kit.

Norton Company, Worcester, Mass.—Emery wheel with safety guard.

Patent Scaffolding Company, New York.—Model of safety scaffold.

Pennsylvania Wire Glass Company, Philadelphia.—Section of wire glass from building of California Electric Works that passed through conflagration of 1906, the glass being the recognized means of saving the property from destruction; samples of wire glass signs and literature explaining protective features.

Sieber Spraying Nozzle Company, Kansas City, Mo.—Chemical spraying nozzle with acid proof tank.

Templeton-Kenley Company, Chicago.—Safety jack.

Willson & Willson, Reading, Pa.

MISCELLANEOUS

Ben P. Branham Printing Company, Chicago, Ill.—Branham system loose leaf form books for local fire insurance agents.

Insurance Educator Company (The), Louisville, Ky.—Books of the American School of Insurance, a correspondence course in life insurance salesmanship; file of *The Life Insurance Educator Monthly*; book publications.

Insurance Field Company (The), Incorporated, Louisville, Ky.—Multiplex display fixture containing samples of printing and lithographing for insurance companies and agents; file of *The Insurance Field, Casualty & Surety, Fire & Marine, and Life Editions*; book publications.

Safety Press (The), Incorporated, New York.—Safety literature; file of *Safety Engineering*; book publications.

Sanborn Map Company, San Francisco Branch Office.—Underwriters' fire map of the Panama-Pacific International Exposition as wall exhibit.

TRIBUTE TO ALVIN E. POPE

Chief of Department of Education and Social Economy of the
Panama-Pacific International Exposition

This being the first time that insurance exhibits had been classified under the head of Social Economy, it can be understood that the work of the Chief of that Department was somewhat unusual, and that it often called for a careful study of various angles of the insurance business. How well insurance interests were satisfied with his handling of the subject was fully attested in the proceedings of Life Conservation Day of the World's Insurance

Congress, when Mr. Alvin E. Pope, chief of the Department of Education and Social Economy of the Panama-Pacific International Exposition, was presented with a silver loving cup by the combined insurance underwriters, bearing the following inscription:

Presented to
ALVIN EUGENE POPE
Chief of Education and Social Economy
Panama-Pacific International Exposition
October 12th, 1915
By Insurance Exhibitors and Insurance Men
Generally
In Appreciation of His Enlightened
Administration of
INSURANCE
Fittingly classed as Social Economy.

IV. CONSTITUTION OF THE NATIONAL INSURANCE COUNCIL

ARTICLE I

NAME

The name of this Association shall be "National Insurance Council."

ARTICLE II

OBJECTS

Its purpose shall be the consideration of insurance questions or problems common to insurance interests and activities related thereto.

ARTICLE III

MEMBERSHIP

1. Membership in the Council shall consist of national organizations of insurance and related activities.

2. Admission to membership shall be by unanimous vote of the Central Committee, or by the votes of not less than two-thirds of the membership of the Council.

3. Each association or organization holding membership in the Council shall be represented by a delegate or alternate selected in accordance with its own rules. In case a delegate is unable to participate in a meeting of the Council, his alternate shall act in his stead.

4. A member may withdraw from the Council at any time by giving notice of its desire in writing.

ARTICLE IV

ADMISSION FEE AND DUES

1. A fee of Twenty-five Dollars (\$25.00) shall be charged for admission to membership in the Council.

2. The Central Committee shall have power to assess members for annual dues in order to obtain funds needed to meet the necessary and proper expenses of the Council, but such assessment, including the admission fee in each case, shall not exceed in any calendar year the sum of Twenty-five Dollars (\$25.00) per member.

ARTICLE V

MANAGEMENT

1. The governing body of the Council shall consist of a Central Committee of representatives of the Fire, the Life, the Casualty

and Surety, the Marine, and the Fraternal branches of insurance, but not to exceed three of each class.

2. The Central Committee shall consist of the persons selected as a provisional Central Committee by the World's Insurance Congress, October 9, 1915, who shall serve until successors are duly selected by the Council.

3. Vacancies in the Committee may be filled by the Committee itself.

4. The Central Committee shall organize for work under such a plan as to it may seem best, but all services to be rendered by members of the Committee shall be without compensation.

5. Officers and employees of the Central Committee shall serve during its pleasure and not for any definite term unless otherwise ordered by vote of the Committee.

6. A new Central Committee shall be selected by the Council at each regular triennial meeting beginning with the year 1918.

7. Any class of insurance organizations enumerated among those entitled to representation on the Central Committee shall, on request of two or more members of that class, be entitled to select its representatives on such Committee.

8. Under authority given by the Executive Committee of the World's Insurance Congress, the Central Committee shall take entire charge of editing, publishing and distributing, by sale or otherwise, the proceedings of the Congress and other insurance events of the Panama-Pacific International Exposition.

ARTICLE VI

MEETINGS

1. The Council shall hold a general meeting at least once in three years. Special meetings may be held at any time on written request of a majority of its members or a majority of the Central Committee.

2. The Central Committee shall hold a general meeting at least once a year. Special meetings may be held at any time on written request of not less than five of its members.

ARTICLE VII

VOTING

1. All voting contemplated under various provisions of this Constitution may be done by mail under such general regulations as may be provided from time to time by the Central Committee.

ARTICLE VIII

AMENDMENTS

1. This Constitution may be amended by the National Council at any meeting by a two-third's vote, if included among those voting for the amendment is at least one representative of each

class of the insurance organizations represented on the Central Committee.

2. Likewise the Constitution may be amended by unanimous vote at any meeting of the Central Committee provided among those voting for the amendment is at least one representative of each class of the insurance organizations represented on the Central Committee.

ARTICLE IX

QUORUM

1. A quorum for the transaction of business by the National Council and likewise of the Central Committee shall consist of not less than five members, included among which must be at least one representative of each class of the insurance organizations represented on the Central Committee.

ARTICLE X

PROXIES

1. Delegates and representatives on the Central Committee shall have power to name proxies to act in their stead in case of their inability to attend any meeting.

